

A U.K. Building Spree Funded by the Lottery

To Celebrate the Millennium, Wales Erects World's Biggest Greenhouse

By Tom Buerkle
International Herald Tribune

LLANARTHNE, Wales — The broken-down stone walls and the silted-up lakes bear witness to a century of neglect that has turned the 18th-century landscaped gardens of the Middleton Hall estate into a square mile of scrub and marshland.

But life is coming back quickly to this spot in the South Wales Vale of Towry. Work crews are busy rebuilding the estate's double-walled garden. In the middle of the site, construction workers are laying the foundation for the world's largest single-span greenhouse, a graceful arc of steel and glass that will house flora from Mediterranean climate zones around the world.

The greenhouse will be the centerpiece of the new National Botanic Gardens of Wales, and its aim is as bold as its design. Instead of serving as a museum of botany, the director, Charles Sturton, says he sees the gardens as a living experiment in sustainable development.

The project will generate its own heat with a biomass boiler, recycle its own water and waste and allow modern botanists and agricultural scientists to work side-by-side with practitioners of medieval Welsh herbal medicine.

"This is a cathedral of environmental education," he said.

Visions like Mr. Sturton's are sprouting across Britain today. Funded by the proceeds of the lucrative National Lottery and driven by a desire to commemorate the year 2000 by adding to the nation's cultural heritage, architects and designers, art directors and city planners are building scores of art galleries, concert halls, sports stadiums, gardens and town squares across the country.

After decades of declining public support for the arts, this £4 billion (\$6.6 billion) spending spree promises a cultural renaissance comparable to the Victorian-era philanthropic boom that gave London the Natural History Museum, the Victoria and Albert Museum and the Royal Albert Hall.

"You have an extraordinary, incredible injection of energy, design and investment that is unparalleled since the 19th century," said Sir Norman Foster, the architect whose firm designed the Welsh greenhouse.

The windfall of lottery-funded projects is "transforming the cultural landscape of Britain," said David Quarby, head of the British Tourist Authority and a member of the Millennium Commission, the public body that is overseeing the projects.

So far, the commission has committed more than £1.25 billion to 185 projects across the country.

In London, it is backing a £94

See LOTTERY, Page 10



President Leonid Kuchma retrieving a note Friday as he and Secretary of State Madeleine Albright announced the nuclear cooperation deal in Kiev.

Ukraine and U.S. Reach Nuclear Pact

Deal Denies Technology to Iran

By Steven Erlanger
New York Times Service

KIEV — After a year of negotiations, the United States and Ukraine agreed to a nuclear cooperation deal on Friday that will prevent a Ukrainian company from providing a key component to a nuclear reactor Russia is building in Iran.

The United States has been urging Russia to halt its nuclear-energy assistance to Iran, which Washington says is trying to produce nuclear weapons under the cover of a civilian energy program.

To sanction or not to sanction:
Washington can't decide. Page 4.



Rebel Base Is Smashed, Serbs Claim

Ethnic Albanian Chief Reported Dead in Sweep

Compiled by Our Staff From Dispatches

PRISTINA, Yugoslavia — Ignoring growing international condemnation, Serbian police swept through Kosovo Province for a second day Friday and declared they had destroyed an ethnic Albanian "terrorist base."

The police said they had "destroyed the core" of the separatist Kosovo Liberation Army, killing the guerrilla leader, Adem Jashari, and capturing 30 of his fighters.

Mr. Jashari was killed during a two-day assault on Kosovo Liberation Army bases in mountains west of the Kosovo capital, Pristina, that started Thursday morning, a police statement said.

Unofficial Serbian sources said the ethnic Albanians, armed with machine guns and hand-held rocket launchers, had put up strong resistance.

Thirty guerrillas were reported to have surrendered under guarantees of their personal safety, the police said.

Mr. Jashari was described as a Kosovo Liberation Army leader trained across the border in Albania and sentenced to 20 years in absentia for "terrorist attacks" in Kosovo in which police and civilians had been wounded.

The police kept reporters out of the region, enforcing an information blackout that made it impossible to sort out conflicting reports.

Local ethnic Albanian officials, appealing to the West to intervene, portrayed an operation of ethnic cleansing in the region. They said that numerous houses were burning and that as many 1,000 villagers had fled Serbian tanks and armored vehicles.

The continuing violence is prompting increasing alarm in other countries.

"This is ultimately a very, very scary scenario," said Kris Janowski, spokesman for the United Nations refugee

See DEAL, Page 10

See KOSOVO, Page 10

Suharto Getting Sweeping Emergency Powers

The Associated Press

JAKARTA — President Suharto will be granted sweeping emergency powers to steer Indonesia through its economic crisis, government delegates to a special assembly said Friday.

The government has yet to define publicly the scope of the powers. But analysts said an assembly measure would give Mr. Suharto, who already enjoys extensive powers after 32 years as president, the authority to dissolve Parliament and ban political parties.

He last had the special authority in 1988.

"It's power given to him to take action whenever he considers the development of this country is in danger," said Salim Said, an expert on the military.

The primary task of the 1,000-member People's Consultative Assembly, which will end an 11-day meeting on Wednesday, is to appoint Mr. Suharto to

another five years in office. The president appoints half the delegates and the rest are members of Parliament, which is dominated by Mr. Suharto.

At a news conference, delegates from the governing Golkar party said Mr. Suharto needed broader powers

The rupiah slumps for a second day. Page 11.

to deal with Indonesia's worst economic slump in three decades.

Five people have been killed in riots over price increases. In addition, unemployment is rising, and students have staged protests calling for Mr. Suharto's ouster every day this week.

All five factions in the assembly, including two minority parties, have approved the emergency

powers for Mr. Suharto. But the Golkar delegates dodged questions about what the president would be able to do with the new authority.

"It's not unlimited," said a legislator, Marwah Daud Ibrahim. "It's going in hand with the constitution and in hand with the people."

Critics, however, said Mr. Suharto would become as powerful as the ancient Javanese kings to whom he has been compared.

"He can do anything," said Arbie Sanit, a political lecturer at the University of Indonesia.

Mr. Sanit said Mr. Suharto would be able to ban all political institutions, including the loyalist assembly that is preparing to give him the new controls he requested. Under the assembly measure, security forces will be

See SUHARTO, Page 4

AGENDA

Dionne Sisters Accept Offer Of \$2.8 Million From Ontario

TORONTO (AP) — Admitting that its previous offer was inadequate, the Ontario government said Friday it would pay \$2.8 million to the three surviving sisters of the Dionne quintuplets — Cecile, Annette and Yvonne — in compensation for the exploitation they underwent as children. The sisters, now 63 and living in poverty in Montreal, accepted the offer.

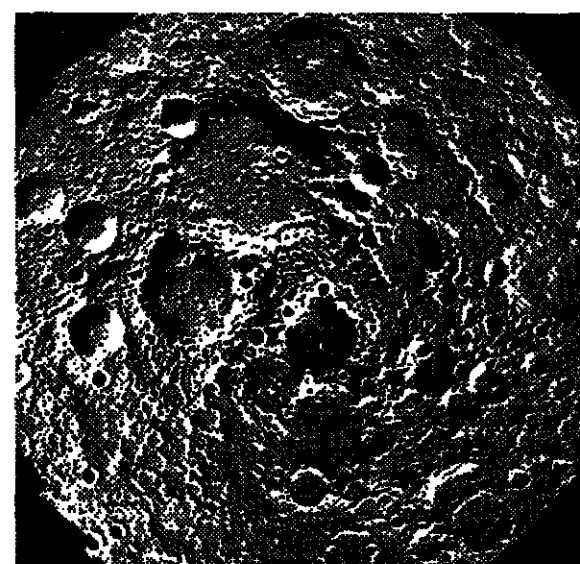
The province's previous proposal of monthly pensions totaling \$4,200 was rejected by the sisters as an insult. Public opinion was overwhelmingly in their favor.

The first quintuplets on record to survive more than a few days, the Dionne children became wards of the province and contended they were bilked out of millions of dollars earned while they were put on display at a site called Quintland.

Russia Wants an Expanded Role On UN Inspection Panel in Iraq

Russia has asked the United Nations secretary-general, Kofi Annan, to name a Russian as co-deputy chairman of the Special Commission on weapons inspections in Iraq, UN officials said Friday.

Some officials and diplomats said they saw the Russian maneuver as a further test of Mr. Annan's willingness to be flexible with Iraq. But in this case, the action would bring the secretary-general into direct confrontation with the Security Council, since the move would require Council approval. Page 2.



MOONSTRUCK — A photo of the moon's north pole, with jagged edges because it is a flat projection of a round image. The discovery of water ice at the lunar poles by a U.S. spacecraft has led to speculation on whether it could sustain colonies. Page 3.

| | |
|------------------------------|--------------|
| Books..... | Page 3. |
| Crossword..... | Page 4. |
| Opinion..... | Page 6. |
| Sports..... | Pages 20-21. |
| The Internet..... | Page 5. |
| The IHT on-line: www.ihl.com | |

In China, the Death of a Sacred Cow?

A Huge Bureaucracy Hears the Approaching Tread of 'Downsizing'

By Steven Mufson
Washington Post Service

BEIJING — For 40 years, Chinese civil servants received equal levels of pay — paltry. But their jobs were theirs for life.

They received evaluations, but 90 percent read simply "satisfactory." The criteria for evaluation were not related to managerial prowess, but to "political integrity" — the understanding of Marxist and Leninist ideology and loyalty to the Communist Party. In the absence of democracy, their power is great.

So are their numbers. By the end of 1996, one estimate has it, 60 percent of government revenue went to pay for the wages of officials.

A million new officials have been

added to the government's payrolls each year since 1993. The ratio of ordinary citizens to officials has dropped to 30 to one, putting a steadily heavier burden on taxpayers and increasing the layers of bureaucracy.

But this sheltered world is about to be rattled. With the announcement Friday of the details of a shake-up of the Chinese government, four new ministries will be created, but 15 of the 40 existing ministries will be abolished or "downsized." Hundreds of thousands of the country's roughly 8 million civil servants could be fired.

Prime Minister Li Peng, in a "work report" delivered Thursday, said: "The incompatibilities of government institutions to the development of a socialist market economy have become increas-

ingly apparent. Unwieldy organization and failure to separate the functions of the government from those of enterprises have given rise to bureaucracy, promoted unhealthy practices and created a heavy financial burden."

Here in Beijing, a new school for public administration has been trying to rewrite the rules of the civil service in China. By rotating civil servants through four short courses taught in conjunction with American graduate schools of administration and government, the Chinese National School of Administration hopes to improve the efficiency of the mammoth bureaucracy and make public service more than a sinecure or an opportunity for corruption.

See CHINA, Page 4

Spin Control: Opel and VW In a Flip Flap

By John Schmid
International Herald Tribune

FRANKFURT — The "elk test" is turning the German auto industry upside down.

The high-speed evasion maneuver that threw a wrench into Mercedes-Benz's launching of a new small-car line has turned car-tipping into an industrial pastime. On Friday, Volkswagen AG accused General Motors Corp. of dirty tricks because GM flipped over one of VW's best-selling new Golf models on a test track.

If the affair has been a black eye for some participants, it has been a boon for makers of computerized balancing systems that stabilize cars.

The flipping flap began last year when Mercedes unhappily canceled the launching of two subcompact models that tipped during the elk test, which started informally in Scandinavian countries to avoid wandering animals. (To simulate a sudden obstacle, a test driver abruptly twists the steering wheel and veers without braking.)

After the marketing misery that Mercedes endured, the VDA German Automobile Industry Association, the main trade group, quietly reached agreement with its member companies to standardize the conditions of the elk test.

That means the elk test will become a critical benchmark for each new model of a German car — a test that has the

See FLIP, Page 4

| Newsstand Prices | |
|------------------|-------------------------------|
| Andorra..... | 10.00 FF Lebanon..... |
| Antilles..... | 12.50 FF Morocco..... |
| Cameroon..... | 1.800 CFA Cote..... |
| Egypt..... | EE 5.50 Reunion..... |
| France..... | 10.00 FF Saudi Arabia..... |
| Gabon..... | 1.100 CFA Senegal..... |
| Italy..... | 2.800 Lire Spain..... |
| Ivory Coast..... | 1.250 CFA Tunisia..... |
| Jordan..... | 1.250 JD U.A.E..... |
| Kuwait..... | 700 Fils U.S. Mfr. (Eur)..... |



Almost 'Worker Heaven' As America Adds Jobs

Compiled by Our Staff From Dispatches

WASHINGTON — Robust job growth fueled by low interest rates and mild winter weather returned the U.S. unemployment rate to a 24-year low of 4.6 percent in February.

The seasonally adjusted unemployment rate declined from 4.7 percent in January and December and matched November's 4.6 percent rate, which was the lowest since October 1973, the Labor Department said Friday.

"It's the closest thing to worker heaven that we've had in decades," said Allen Sinai, an economist at Primate Decision Economics in Boston. "There are more jobs available for more people at more pay than at any time since the early 1960s."

On Wall Street, the normally inflation-wary bond market shrugged off the strong report and the stock market bounced back after two days of losses. The Dow Jones industrial average jumped 45 points after the announcement and closed Friday at 8,569.39, up 125.06.

In a Rose Garden news conference, President Bill Clinton declared: "These are good times for America. We continue to have the strongest economy in a generation, the lowest unemployment in a quarter century. We're on track to have the longest peacetime recovery in the history of our country."

Employers created a greater-than-expected 310,000 jobs, on top of 375,000 in January. That included 41,000 new construction jobs and 17,000 jobs in the

| The Dollar | | |
|------------|-----------------|----------------|
| New York | Friday @ 4 P.M. | previous close |
| DM | 1.8394 | 1.8348 |
| Pound | 1.8345 | 1.835 |
| Yen | 127.825 | 127.745 |
| FF | 6.148 | 6.15 |
| The Dow | | |
| | Friday close | previous close |
| | +125.06 | 8569.39 |
| S&P 500 | | 8444.33 |
| change | Friday @ 4 P.M. | previous close |
| | +20.6 | 1055.64 |
| | | 1055.04 |

finance industry. Commissioner Katharine Abraham of the Bureau of Labor Statistics said a drop in mortgage rates, to a four-year low of just under 7 percent, had increased demand for new homes.

"The severe rain and ice storms in some parts of the country have spurred hiring for cleanup and rebuilding," she said, adding that winter weather had been "sufficiently mild in many parts of the country to allow the continuation of construction activity that ordinarily would have been curtailed."

She noted that mortgage brokers accounted for 7,000 of the new finance-industry jobs, "partly reflecting refinancing activity that was prompted by low mortgage rates."

Other areas of strong growth included

See JOBS, Page 10

Nudging Iran to Back Its Words With Deeds Against Terrorism

Italy's foreign minister, Lamberto Dini, was to hold wide-ranging talks Saturday with the U.S. secretary of state, Madeleine Albright, in Rome. Mr. Dini was expected to brief his U.S. counterpart on his meeting in Tehran this week with President Mohammed Khatami of Iran. Mr. Dini discussed Iran's new position on terrorism with Alan Friedman of the International Herald Tribune.

Q. On Monday, you became the first Western cabinet official to visit Iran since the European Union lifted its ban on high-level visits. At the end of your meeting, President Khatami promised to cooperate with the international community in fighting what he called "the ugly phenomenon" of terrorism. Tell us more about your discussions.

A. President Khatami is a scholar, a man of wide culture, and very impressive, very high caliber. He agreed with me that it is only through dialogue and tolerance that we can find solutions to conflict. I told him that I had found in his recent CNN interview elements and in-

Q & A / Lamberto Dini, Italy's Foreign Minister

tentions that, if translated into concrete acts, offer a good prospect for collaboration between Iran and the rest of the world.

I also said that Iran could contribute to increased international stability by being a moral force in the Islamic world, by using the instrument of dialogue and by helping to take a more positive attitude in the Middle East peace process and by repeating in words and deeds a condemnation of terrorism, and by taking a stand against proliferation.

He reacted immediately in a favorable way and told me Iran is condemning and not participating in terrorism, and that Iran does not intend to export fundamentalism. This is a key departure from the past. Mind you, Iran makes a distinction between terrorism and what they consider liberation forces. This explains their support for

Hezbollah in southern Lebanon.

Q. Do you agree with that distinction?

A. I know this distinction is debatable, but no one can deny that Israeli troops are in southern Lebanon, which is another country.

Q. Should Israeli troops withdraw from southern Lebanon?

A. That is a judgment for Israel to make on the basis of security considerations, but obviously they cannot stay there forever.

Q. Getting back to President Khatami, to what extent did you feel he was speaking for the Iranian establishment when he condemned terrorism?

A. In my view he has 70 percent of the Iranian people behind him. And I firmly believe that the new course initiated by President Khatami deserves to be en-

couraged by the international community, including the United States.

We cannot and should not expect that changes will be too rapid, but my own assessment is that the changes under way in Iran are substantial and significant and that this process is likely to continue.

Therefore the new course needs to be pursued through dialogue between Iran and European countries, and between Iran and the United States. If the new course initiated by President Khatami is successful, then a new equilibrium can emerge in the Middle East.

Q. You are meeting with Madeleine Albright on Saturday. Is there a message from Khatami for the Americans as well?

A. I think our entire conversation in Tehran was not intended only for my own consumption.

Q. But what will you say to Secretary Albright about Iran?

A. I will say that President Clinton's reaction to President Khatami's recent opening to the American people during an interview with CNN was seen

as positive and was appreciated in Iran.

Q. A different kind of question: How important is Iran to Italy in trading terms?

A. Iran is the second source of energy for Italy after Libya, and just ahead of Saudi Arabia.

Q. So isn't it possible that Italian diplomacy, like that of France, is ultimately about pursuing commercial interests with Iran?

A. The purpose of my visit to Iran was to re-establish a political and cultural dialogue, and I did not discuss economic relations in any detail. But I can say that the future development of the Iranian economy will depend on big energy projects because these will provide foreign exchange for them.

In terms of their macroeconomy, I think they have done very well. They are saddled with a high foreign debt and yet they are keeping up with payments on rescheduled debt, which is a big drain on their foreign exchange reserves. For this reason, they would like some rolling over of debts.

BRIEFLY

French Seek Funds Seized From Jews

PARIS — French officials opened a campaign Friday to track down money in the French banking system that may have been seized from Jews during World War II.

Finance Minister Dominique Strauss-Kahn and the governor of the Bank of France, Jean-Claude Trichet, said at a news conference that a special state committee had been formally installed in the central bank's headquarters to oversee an inventory of all suspect accounts.

In a move certain to anger French Jewish groups, Mr. Strauss-Kahn repeatedly stressed that the state would set no deadline for the completion of their task. (Reuters)

Bonn Approves Surveillance Bill

BONN — Germany passed a bill on Friday granting the police surveillance powers that had been banned since the end of the Nazi era.

Germany's Bundestag, the upper house of Parliament, voted in favor of the bill, which formally becomes law once it has been signed by President Roman Herzog.

The vote came a day after the Bundestag, or lower house, voted by opposition parties, exempting lawyers, physicians and accountants from bugging. The government's draft law had only exempted priests, members of Parliament and defense lawyers from surveillance. (Reuters)

Standoff in Cyprus

NICOSIA — A top European Union envoy left Cyprus on Friday without a breakthrough in his talks on the accession of the island to the European Union.

"This is not a visit of the big breakthroughs," the envoy, Hans van den Broek, EU Commissioner for External Relations, said at a news conference.

The main stumbling block was the refusal of Rauf Denktaş, the leader of the breakaway Turkish Cypriot state, to see the EU envoy.

Mr. Denktaş refuses to see any EU envoy or to attend the deadlocked UN-sponsored reunification talks unless his breakaway state in the Turkish-occupied north of the island is recognized and the European Union cancels its decision to open accession talks with the Greek Cypriot government. (AP)

UN War on Mines

GENEVA — The United Nations began its effort to coordinate global efforts to clear mines Friday, hoping to return large areas of land to people's use in the "foreseeable future."

Bernard Miyet, undersecretary-general for peacekeeping operations, said the initial effort hoped to clear areas so that people can resume planting crops on them or start businesses there. (AP)

Russia Goes to Bat for Iraq

It Wants More Influence on Disarmament Panel

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Russia, in a bid to expand its influence on the Special Commission disarming Iraq, has asked Secretary-General Kofi Annan to name a Russian as co-deputy chairman of the panel, UN officials said Friday.

The move would require Security Council approval because the resolution establishing the Special Commission says that there shall be one deputy to the executive chairman. Richard Butler, an Australian arms control expert, is now executive chairman and his deputy is Charles Duelfer, an American.

The request to appoint a Russian to a high-ranking commission position follows a series of steps taken by Mr. Annan to open new lines of communication with Baghdad. Some officials and diplomats see the Russian maneuver as a further test of Mr. Annan's willingness to be flexible with Iraq. But in this case, the action would bring the secretary-general into direct confrontation with the Security Council, a course he is believed to want to avoid.

The secretary-general has said repeatedly that he would not or could not dilute the authority of the Security Council or the Special Commission, which the council created in 1991 as a semi-autonomous body.

In recent months, Russia has supported Iraq's demands that the Special Commission, and in particular its inspectors in the field, be more broadly representative of UN members. President Saddam Hussein has accused the inspectors of being spies for the United States and has said that both Mr. Butler and Mr. Duelfer are too beholden to Washington and insensitive to Iraqi concerns about national sovereignty and dignity.

Commission officials and U.S. diplomats dismiss these charges, saying that Iraq is merely trying to blunt the effectiveness of the commission as it closes in on some important potential sites for inspection.

UN officials have drawn up the procedures for inspecting the eight presidential sites that Mr. Saddam agreed to open in talks with Mr. Annan in Bag-

dad on Feb. 22. Under the agreement, these sites will be visited by commission inspectors accompanied by diplomats as "chaperones."

Fred Eckhard, spokesman for the secretary-general, said the procedures were likely to be made public on Monday, after the arrival in New York of Iraq's foreign minister, Mohammed Said Sahhaf.

Normal searches outside the presidential sites have been continuing without incident in Iraq. On Thursday, Scott Ritter, the American expert on concealment whom Iraqis had barred from conducting searches in January, returned to Baghdad by air with a team of 50 inspectors.

"This inspection is routine and there is nothing sensational about it," said a United Nations official, speaking on condition of anonymity.

Mr. Annan invited Mr. Sahhaf to UN headquarters to talk primarily about how to organize an expanded "oil for food" program under which Iraq can sell up to \$5.2 billion in oil over six months to pay for urgent civilian needs.



ULSTER REQUIEM — Relatives and friends of Damian Trainor, a Roman Catholic murdered along with his Protestant friend this week, carrying his coffin to church in Poyntzpass, County Armagh, on Friday.

Mexico Pursues a General Who Condemned Abuses

By Julia Preston
New York Times Service

MEXICO CITY — After a long legal battle, the Mexican armed forces have opened the court-martial of a general who once accused the military of human rights abuses.

In a regulation-green courtroom at a military base here, seven military officers, the prosecutors and a defense lawyer are quizzing witnesses about Brigadier General Jose Francisco Gallardo Rodriguez, 52, who is on trial for corruption. The trial began last month.

In the years of legal combat, the most intense battles came soon after the general wrote an article for a small magazine in 1993 accusing the armed forces of abusing the rights of soldiers and civilians. He called for an official rights monitor in the military.

The criticism was general but ignited a stormy reaction.

And in the five years since, the armed forces have come under a barrage of criticism from human rights

groups complaining of corruption, kidnapping and torture by soldiers.

Civilian courts acquitted General Gallardo of charges that he defamed the military, but the army returned with new charges and has kept him in prison since late 1993.

The case earned Mexico a rare public rebuke from the Inter-American Human Rights Commission, a branch of the Organization of American States, which found in 1996 that the military had committed an "abuse of power" by hounding the officer. It called for his immediate release.

The charges languished until the tribunal was hastily convened Feb. 20, just days before Mexican officials were to appear before the rights commission in Washington to explain why they had ignored its recommendation.

The early days of testimony have brought surprises for both sides.

The trial is not a crude sham, as General Gallardo's defenders predicted, but it also produced awk-

wardness for the armed forces. The five military judges on the panel appear suspicious of the general, but it is not clear how the proceedings will come out.

The trial has opened an unusual window on the uncommunicative armed forces. Mexican journalists cannot recall another time when they were invited by military officials to go behind the olive parades of Military Base No. 1 to cover a court-martial.

The charges relate to events in 1988, when General Gallardo was commander of a cavalry stable. He is accused of profiting in a modest way by selling government horse feed and then burning army files to cover up the transaction. He maintains that the charges were concocted by the top brass to keep him behind bars. If convicted, he faces up to 20 years in prison.

Although the tribunal is made up of generals and admirals, it looks like a jury trial, an unusual sight in Mexico. The prosecutor and the defense lawyer, a civilian, heatedly assail each other's questions and witnesses. In the end, the five judges will deliver the verdict.

TRAVEL UPDATE

Air-Traffic Update Is Late

WASHINGTON (NYT) — The Federal Aviation Administration's slumped-down modernization of the air-traffic control system is behind schedule and may be over budget, congressional auditors told a House subcommittee. The troubled program, the Standard Terminal Automation Replacement System, or STARS, is to be used in towers and in about 180 air traffic centers that accept air traffic from airport towers and handle low-altitude flights.

France Telecom sharply reduced the cost of telephone calls made at pay phones abroad at 4.90 francs (80 cents) a minute instead of the previous 15.25 francs. (IHT)

Belgium's national airline, Sabena, said it signed an agreement with the Brazilian private airline VASP to improve service between Brazil and Belgium. The airlines will jointly offer five weekly flights to three Brazilian destinations: Sao Paulo, Salvador de Bahia and Recife starting May 4. (AP)

11 Die as Train Derails in Finland

HELSINKI — At least 11 people were killed and 39 were injured on Friday when an express passenger train derailed in a town in central Finland, rescue officials said.

The engine and five carriages ran off the tracks, blocking the main northeastern highway in Jyväskylä, 270 kilometers (170 miles) north of Helsinki. Two carriages overturned. The train was carrying 500 passengers.

The accident occurred as the train was slowing to stop at the train station in Jyväskylä, passengers said. "A bit before Jyväskylä station, the train began to lurch from side to side," said Pekka Laine, who was hurt slightly in the accident. "It seemed as if the train wasn't on its tracks anymore." Mr. Laine, with a bandage on his forehead, told YLE television that his carriage then "just fell over."

No immediate cause of the accident was disclosed. "My guess is that the train was going too fast," said Markku Mensala, head of the Jyväskylä Fire and Rescue Services. "The carriages and the engine could not have been thrown so far if the train wasn't going at a high speed."

The engine separated from the carriages and slid off the rails, crashing into a concrete pillar about 100 meters from the rest of the train. The driver was among those who died.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Europe: Windy and rainy Sunday over southern England and the Ohio Valley. Sunday and Monday, then dry and mild with some sun. Snow and gusty winds are in store for the northern day. Central and southern Plains, while the Great Lakes region will have a day of rain and snow, and windy in southern Italy. Mostly sunny and dry in Greece and western Turkey, but dry with some sun in Spain.

North America: A storm will spread south over southern England and the Ohio Valley Sunday and Monday, then dry and mild with some sun. Snow and gusty winds are in store for the northern day. Central and southern Plains, while the Great Lakes region will have a day of rain and snow, and windy in southern Italy. Mostly sunny and dry in Greece and western Turkey, but dry with some sun in Spain.

Asia: Tokyo and Beijing will be dry and mild with some sun. Seoul will also be dry, but a shower is possible Tuesday. An area of rain will extend from southwestern Japan to the coast of China and inland to Hubei province. Stormy with showers in Singapore.

Legend: s=sunny, p=partly cloudy, c=cloudy, sh=showers, H=high, L=low, S=snow, H=Hail, W=wind.

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TRAVEL UPDATE

Air-Traffic Update Is Late

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HELSINKI — At least 11 people were killed and 39 were injured on Friday when an express passenger train derailed in a town in central Finland, rescue officials said.

The engine and five carriages ran off the tracks, blocking the main northeastern highway in Jyväskylä, 270 kilometers (170 miles) north of Helsinki. Two carriages overturned. The train was carrying 500 passengers.

The accident occurred as the train was slowing to stop at the train station in Jyväskylä, passengers said. "A bit before Jyväskylä station, the train began to lurch from side to side," said Pekka Laine, who was hurt slightly in the accident. "It seemed as if the train wasn't on its tracks anymore." Mr. Laine, with a bandage on his forehead, told YLE television that his carriage then "just fell over."

No immediate cause of the accident was disclosed. "My guess is that the train was going too fast," said Markku Mensala, head of the Jyväskylä Fire and Rescue Services. "The carriages and the engine could not have been thrown so far if the train wasn't going at a high speed."

The engine separated from the carriages and slid off the rails, crashing into a concrete pillar about 100 meters from the rest of the train. The driver was among those who died.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

Europe: Windy and rainy Sunday over southern England and the Ohio Valley. Sunday and Monday, then dry and mild with some sun. Snow and gusty winds are in store for the northern day. Central and southern Plains, while the Great Lakes region will have a day of rain and snow, and windy in southern Italy. Mostly sunny and dry in Greece and western Turkey, but dry with some sun in Spain.

North America: A storm will spread south over southern England and the Ohio Valley Sunday and Monday, then dry and mild with some sun. Snow and gusty winds are in store for the northern day. Central and southern Plains, while the Great Lakes region will have a day of rain and snow, and windy in southern Italy. Mostly sunny and dry in Greece and western Turkey, but dry with some sun in Spain.

Asia: Tokyo and Beijing will be dry and mild with some sun. Seoul will also be dry, but a shower is possible Tuesday. An area of rain will extend from southwestern Japan to the coast of China and inland to Hubei province. Stormy with showers in Singapore.

Legend: s=sunny, p=partly cloudy, c=cloudy, sh=showers, H=high, L=low, S=snow, H=Hail, W=wind.

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Jesse Jackson Jumps In to Help Clinton in a Time of Travail

By Richard L. Berke
New York Times Service

WASHINGTON — In hushed tones in the inner sanctum of the White House, President Bill Clinton's new spiritual adviser said he offered counsel that is steeped as much in practical politics as in the Bible: "Keep your eyes open and your mouth shut. And don't panic."

For a president at the center of a scandal, that may be sound advice. But it comes from an unlikely source, the Reverend Jesse Jackson. This is a man who once condemned Mr. Clinton as "Machiavellian" and as having "a character flaw."

Mr. Clinton, in turn, fumed that Mr. Jackson was "double-crossing" and "backstabbing."

So it is all the more remarkable that since word first surfaced about Mr. Clinton's relationship with a former White House intern, the Clinton family — the president, Hillary Rodham Clinton and their daughter, Chelsea — have frequently turned to Mr. Jackson, a Baptist minister, for private sessions of prayer. Mr. Jackson and people close to the president say, for Mr. Clinton, Mr. Jackson is what the Reverend Billy Graham was for President Richard Nixon at the height of Watergate. Except, Mr. Jackson said, there is one important difference: He still will not shrink from challenging Mr. Clinton on policy matters.

"I take his role seriously as president," Mr. Jackson said in an interview at the Washington offices of his political organization, the Rainbow Coalition. "I take my role seriously as a pastor. The relationship between the prophet and the president, the priest and the president, is a sacred one."

His new calling as preacher to the president is complicated not only by their past strains, but also because Mr. Jackson has played a bit part in the unfolding events. In the earliest days of turmoil, White House officials panicked that they could not find Betty Currie, the president's personal secretary, who had tried to find a job for the former intern, Monica Lewinsky.

Mr. Jackson, who said he had known Mrs. Currie for years, acknowledged that White House officials turned to him for help, and that he con-

tacted her: "We communicated, let's put it that way. I have great respect for her. She's a good person. And she is the most nonpolitical person you could imagine."

Lawyers close to the inquiry said later that Mrs. Currie did not report to work in those days because she was being interviewed by people from the office of the independent counsel Kenneth Starr.

While Mr. Jackson referred to Mr. Starr's investigation as a "nightmarish witch hunt," he seemed uncomfortable when asked about his relationship with Mrs. Currie. But he readily discussed his prayer sessions with the first family. Only a day or so after the scandal broke out, Mr. Jackson said, the president called.

"I talked with the president," he said. "We had prayer. He called me back and asked if I'd come to the Super Bowl. At first I said, 'I don't think I can. I'll get back to you.' I had other plans that night. I talked to my wife and she said, 'Your first obligation is ministerial.' It is morally right. Plus, it's what friends should do."

After watching the Super Bowl in the White

House with the Clintons and guests, Mr. Jackson said, he and the president spoke quietly about the crisis and about the upcoming State of the Union message. "I thought it was very important in very private tones to stand with him and offer spiritual assurances," he said. "I sensed that the waters were turbulent, the ship of state was a bit rocky. I tried to talk to the captain of the ship and said to keep focusing on the State of the Union and not to drown in the turbulent waters."

He said he advised the president not to mention the scandal in the address. He did not.

"Everyone was aware there was a storm," Mr. Jackson said. "It's a given that you must turn pain into power. It's like great quarterbacks: you have to handle adversity with discipline and aplomb."

The White House press secretary, Michael McCurry, said of Mr. Jackson's role: "He ministers to those in need and those who he cares about. He has been more in the life of the White House lately in part because he knows there's a need here. He had some specific words of advice and counsel for me that were both funny and very appreciated."

N.Y. Mayor Looks To Higher Calling

NEW YORK — Just two months into his second term, Mayor Rudolph Giuliani and his aides have sent a strong signal that he plans to seek higher office, saying they would hold a series of fund-raising events this year, including a dinner in May that is expected to raise more than \$1 million.

The mayor, declined to say whether he was considering running for governor, U.S. senator or president — only that he was keeping his options open.

When asked at a news conference about the May dinner, Mr. Giuliani said the \$1,000-a-plate event would be "for the future possibility of running for an office."

Several polls have put his approval rating among city residents at close to 70 percent. (NYT)

Envoy's Widow Sues Columnist

LOS ANGELES — The widow of a U.S. ambassador whose body was exhumed from Arlington National Cemetery has sued a political pundit and the National Enquirer over articles claiming she had sex with President Bill Clinton.

Shelia Lawrence's suit seeks \$25 million from the political columnist Arianna Huffington, the column's distributor, Creators Syndicate Inc., and the tabloid Enquirer.

Mrs. Lawrence was married to M. Larry Lawrence, a Democratic Party donor who died in 1996 while serving as U.S. ambassador to Switzerland. His remains were disinterred after Republicans found that Mr. Lawrence had fabricated his war record.

Mrs. Lawrence accuses the Enquirer and Mrs. Huffington of claiming she had sex with Mr. Clinton to secure her husband's ambassadorship. (AP)

Quote/Unquote

Christopher Lehane, a spokesman for Vice President Al Gore, after a Senate panel voted along party lines to approve a final report finding that President Bill Clinton's re-election campaign reduced the presidency to a fund-raising tool: "The only real purpose of this Republican report will be to serve as a hypocritical cover to hide the fact the GOP rejected campaign finance reform legislation." (NYT)

Fund-Raising Figure to Plead Guilty

By Don Terry
New York Times Service

LOS ANGELES — Johnny Chung, a businessman whose eager giving to national Democratic candidates turned him into a leading figure in the investigation of campaign finance abuses, has been charged here with four counts of fraud, tax evasion and conspiracy and will plead guilty and cooperate with the authorities.

Mr. Chung is the fourth person in five weeks to be prosecuted by the Justice Department, in addition to a former restaurateur in Little Rock, Arkansas, and good friend of President Bill Clinton, Yah Lin (Charlie) Trie, who was charged in a 15-count indictment on Jan. 29 with obstruction of justice and other crimes related to fund-raising.

Antonio Pan, a Democratic fundraiser, was also charged in the indictment. Maria Hsia, a Democratic fundraiser from Los Angeles, was indicted

on Feb. 18 on charges of laundering campaign donations.

"This investigation is moving forward," Attorney General Janet Reno said, "but we are not going to let up now."

Stacy Cohen, a spokeswoman for Mr. Chung's lawyer, Brian Sun, said that Mr. Chung "wants to put this behind him as soon as possible so that he and his family can get on with their lives."

"He's taking a plea," Ms. Cohen said. "He's pleading guilty."

Mr. Chung is scheduled to enter his guilty plea Monday morning in U.S. District Court in Los Angeles, not far from the 1995 Clinton-Gore fund-raising event in a Century City hotel where federal officials said he used phony or "conduit" contributors to illegally give the campaign \$20,000, \$19,000 more than permitted for one person under the Federal Election Campaign Act, according to the charges filed Thursday.

Mr. Chung is charged with using a similar scheme to funnel \$8,000 into the campaign of Senator John Kerry, Democrat of Massachusetts, during an event in Beverly Hills, California, at which Mr. Chung was the host in 1996, according to the indictment.

A spokesman for Mr. Kerry, Jim Jones, said that "the minute questions were raised in regards to Mr. Chung," the Kerry campaign returned the money.

Since mid-1994, Mr. Chung donated nearly \$400,000 to the Democratic Party and visited the White House at least 50 times, often with foreign businessmen he was trying to woo and impress in tow.

While it is not known what Mr. Chung could tell law-enforcement officials, his cooperation is important be-

cause officials have thus far been unable to determine the source of some of the contributions from Mr. Chung and others. Senate Republicans have questioned whether big donors like Mr. Chung may have contributed money that came from illegal offshore sources and Chinese business associates.

Committee Standoff

The Senate committee investigating campaign finance finally agreed to disagree without partisan bombast, and has quietly made public its findings detailing widespread abuses during the 1996 presidential contest. The Washington Post reported.

Eight Governmental Affairs Committee Republicans approved the 1,100-page final report in a 15-minute meeting. Seven dissenting Democrats issued their minority report, to be attached to the larger document when it is presented to the full Senate Tuesday.

"It is clear we are going to have two reports," the committee chairman, Fred Thompson, Republican of Tennessee, said. "We could revisit all those old heartaches and throw some more stones if we choose to." But they did not, and the short meeting put a subdued ending to an enterprise that began almost exactly one year ago as an investigation of serious fund-raising abuses by Mr. Clinton's 1996 re-election campaign and lurched through 32 often vituperative and partisan public hearings at a cost of \$3.5 million.

"I thought I could pull everybody together," Mr. Thompson said, by getting Democrats to acknowledge the sins of the Clinton campaign and getting Republicans to give ground on Democratic demands for campaign finance reform. "But I couldn't do it."



NO MORE DEBT — Finance Minister Paul Martin of Canada hitting a gong to stop the Vancouver Board of Trade's debt clock, heralding the country's first balanced budget in over 30 years.

Enough Water on Moon for Colonies?

By Warren E. Leary
New York Times Service

WASHINGTON — The moon may have enough water, in the form of small ice crystals mixed in loose dirt, to sustain lunar colonies and provide fuel for rockets exploring the solar system, according to scientists studying evidence from an American spacecraft.

The preliminary findings from the Lunar Prospector, launched Jan. 7 to study the composition of the moon, shows that relatively large amounts of water ice exist on the moon, scattered in craters over vast spans of the north and south poles.

The evidence inspired excited scientists to speculate about returning humans there after a quarter-century absence.

Alan Binder of the Lunar Research Institute in Gilroy, California, said the

orbiting spacecraft's measurements of atomic particles escaping from the moon were the "first unquestionable results" showing water at both lunar poles.

In 1996, a Defense Department spacecraft called Clementine was diverted to the Moon and bounced radar signals off the surface that suggested deposits of water ice lay in deep craters near the south pole.

Preliminary estimates of Lunar Prospector data suggest that there are 11 million tons to 330 million tons of lunar water ice in sun-shielded craters scattered over as much as 25,000 square miles of lunar surface, scientists said. The new results also suggest that there is water ice on both poles, they said.

William Feldman, a co-investigator from Los Alamos National Laboratory in New Mexico, said data "are consistent with the presence of water ice in

very low concentrations across a significant number of craters."

In areas where water ice is found, it appears to make up only 0.3 percent to 1 percent of the moon's rocky soil, known as regolith, the scientists said at the Ames Research Center, a National Aeronautics and Space Administration field installation in California.

Still, they said, scattered over such a wide area, this could represent 2.6 billion to 26 billion gallons (10 billion to 100 billion liters) of water.

NASA noted that a typical person uses 100 gallons of water daily for drinking, food preparation, bathing and washing. At this rate, 33 million tons of water, or 7.2 billion gallons, could support a community of 1,000 two-person households on the moon for over a century, without recycling, the space agency said.

Scientists say they believe that the moon was created four billion years ago, possibly from debris thrown into space from the collision of a young earth with a large meteor or comet.

The moon formed as a dry body, many believe, and any water present would have come from its bombardment by comets. The only water that would remain would have to be hidden in craters in places permanently shielded from sunlight.

Apollo astronauts who visited the moon six times found no evidence of water, but all of these landings were in the equatorial region, where temperatures reach 250 degrees Fahrenheit (130 degrees centigrade), and not at the poles, where craters shielded from sunlight remain frozen at 280 degrees below zero.

Away From Politics

• A disgruntled employee shot and killed four workers at state lottery headquarters in Newington, Connecticut, before killing himself. (AP)

• A hospitalized cancer patient drank a poisonous mixture left on her nightstand by an inexperienced medical resident and died, the authorities said in Los Angeles. Blanca Maldonado, 52, had undergone kidney dialysis hours earlier at Martin Luther King Jr. Drew Medical Center, and the deadly solution of formaldehyde and mercury was on the stand when she was returned to her

room Jan. 7. The solution was to have been used to preserve bone marrow in a biopsy to determine if her cancer had spread. (AP)

• An investigation into the slaying of the wife of Dr. Sam Sheppard will not be reopened, prosecutors in Cleveland said, despite new DNA tests that his defenders say will finally clear him of the 1954 killing. The prosecutor, Stephanie Tubbs Jones, said the DNA tests would be inadmissible in court because they were run on contaminated, 44-year-old samples. (AP)

BOOKS

CLOUDSPLITTER

By Russell Banks. 758 pages. \$27.50. Harper Flamingo.

Reviewed by Michiko Kakutani

JOHN BROWN, the radical abolitionist who led the 1859 raid on Harper's Ferry in a vain attempt to liberate the slaves, remains one of the most enigmatic and hotheaded figures in American history: hailed as a visionary and martyr to a noble cause by some and denounced as a madman, horse thief and bloodthirsty terrorist by others. Given the profusion of anti-government militias and messianic cults in recent years, not to mention the prominent role that race continues to play in the United States, it's not surprising that there is renewed interest in Brown.

Just three years ago, Bruce Olds published a novel about Brown called "Raising Holy Hell," and now comes "Cloudsplitter," by Russell Banks, another novelistic portrait of the abolitionist that purports to tell the real story behind both Harper's Ferry and the grisly Pottawatomie killings (in which several proslavery men were violently slain with guns and swords).

"Cloudsplitter," as Banks repeatedly points out, is "a work of the imagination" that "should be read solely as a work of fiction." In fact, as history, it is a very bad book indeed: Characters and incidents have been altered, rearranged and reinvented, and speculative analysis, un-

grounded in the historical record, has been slathered over Brown's entire life.

As a novel, however, "Cloudsplitter" makes for some highly entertaining — and at times, deeply affecting — reading. For all its flaws, it emerges as Banks's most ambitious and fully realized novel since "Continental Drift" (1985), his dazzling dissection of contemporary America and the American dream. Like an old-fashioned Hollywood epic, Banks's novel colors the facts and personalities events: We are made to focus on the familial and romantic dramas that lay behind Brown's public actions, the psychological subtext that informed his religious and political beliefs.

Yet while "Cloudsplitter" plays fast and loose with the facts, it does do two things very well: It gives us a vivid, emotionally tactile portrait of John Brown the man, a portrait quite in keeping, overall, with the work of Brown biographers like Richard O. Boyer and Stephen B. Oates; and it leaves us with an equally potent understanding of the passions animating the anti-slavery movement during the 1840s and '50s.

By telling Brown's story from the point of view of his

son Owen — an unreliable narrator who is constantly reminding us of his penchant for lying — Banks circumvents many of the problems of voice and veracity faced by William Styron, who tried to use the first person (in "The Confessions of Nat Turner") to tell the story of another hero of the anti-slavery movement. This device enables Banks to shrug off the historical distortions in "Cloudsplitter" as the delusions, rationalizations and memory lapses of Owen rather than contrivances of his own.

But while Owen's account is long-winded and self-indulgent, it does accomplish Banks's end: It immerses us persuasively in his father's world, and it makes us understand, in a very visceral way, the familial repercussions of living with a visionary and martyr.

Like the best novels of Nadine Gordimer, it makes us appreciate the dynamic between the personal and the political, the public and the private, and the costs and causes of radical belief.

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U.S. Torn Over Punishing France, Russia and Malaysia for Ventures in Iran

By Thomas W. Lippman
Washington Post Service

WASHINGTON — President Bill Clinton's senior foreign policy advisers met this week, grappling with what might have seemed a straightforward decision: whether to impose legally mandated sanctions on French, Russian and Malaysian oil companies that are developing a major offshore natural gas field in Iran.

But the meeting ended inconclusively, senior officials said, as did several earlier high-level discussions of the same subject. Nearly six months after the three companies triggered a State Department investigation of whether they should be penalized under U.S. law, the administration appears paralyzed by the myriad arguments for and against sanctions.

Proponents of sanctions argue that failure to act would open the gates to major flows of investment capital into the Iranian petroleum industry, the economic mainstay of a country that Washington has condemned as a sponsor of

terror and as a strategic threat to the entire Middle East.

But opponents of sanctions — led, according to administration officials and lobbyists on the issue, by Undersecretary of State Stuart Eizenstat — counter that acting against the oil companies would shut off potentially promising overtures toward better relations by Iran's president, antagonize important allies and risk a trade war with the European Union. The EU is adamantly opposed to any U.S. effort to interfere with the activities of European corporations.

According to some officials, the administration is basically content to postpone a decision because delay avoids potential negative consequences of a decision either way, while leaving the deterrent effect of U.S. sanctions hanging over other foreign companies.

"It certainly is a cross-cutting issue," one senior official said.

A 1996 law sponsored by Alfonse D'Amato, Republican of New York and chairman of the Senate Banking Committee, requires the pres-

ident to impose two or more of a package of sanctions on any foreign company that invests \$20 million or more in one year to develop the oil industries of Iran or Libya.

President Clinton had previously barred by executive order all commerce between U.S. companies and Iran.

Iran, the leading oil producer in the Middle East after Saudi Arabia, has been seeking foreign capital to develop its offshore oil and gas potential. The Iranians scored their first major success last summer when Total SA of France, the giant Russian natural gas company Gazprom and the state-owned Petronas Bhd. of Malaysia signed a contract to invest \$2 billion in developing a gas field known as South Pars.

Mr. D'Amato fired off a letter to Mr. Clinton saying that "if the United States does not take swift, decisive action to apply these available sanctions, we will have undercut our long-standing policy against Iranian terrorism, a policy which you have advocated at the summit level on many occasions. Dozens of foreign companies

are watching our reaction to the Total deal." The State Department investigated the contract but never announced a finding of whether the deal is sanctionable, although many industry experts believe that the case is open and shut.

"Of course it's sanctionable," said Vahan Zanooyan, a senior analyst at the Washington-based Petroleum Finance Co.

"The real problem is with the law itself — the people who sponsored it should admit they made a mistake," he said. "The fact that the secretary of state is burning the midnight oil over it is part of the cost. And it has cost a huge blow of credibility to the administration."

Some sources indicated that the State Department has concluded that the contract falls within the sanctions law. The debate within the administration then would be not whether the deal is technically sanctionable but what to do about it and when. Under the law, the administration can issue a waiver.

Or, if it decides to sanction the companies, it can delay penalties for 90 days to negotiate a

settlement, and extend that process an additional 90 days if talks are promising.

According to government officials and lobbyists who track the issue, participants at the meeting last week urged a further delay before announcing a decision for at least two reasons.

The Russian prime minister, Viktor Chernomyrdin, who once headed Gazprom, Russia's biggest company, is due in Washington next week for his semi-annual meeting with Vice President Al Gore.

Gazprom's participation in the South Pars development, along with other Russian ventures in Iran, is among the issues the two men will discuss, officials said.

In addition, some officials reportedly believe that Malaysia may be re-evaluating the commitment of Petronas because of fears that a new run on its currency in the Asian economic crisis may require the country to keep its dollars at home. A Petronas pullout might undo the entire deal, obviating the need for controversial decisions in Washington.

CHINA: Slashing the Bureaucracy

Continued from Page 1

The courses include such topics as market economics for the managers of state-owned enterprises and public finance and taxation for provincial governments and vice governors.

"Whether we can manage this country well or not depends on the quality of civil servants," said Zhang Xixue, the school's vice president. Driven forward by economic reforms, he said, "we need to redefine government functions in accordance with the market system."

The task is enormous. China invented the civil service: Its traditions date from the seventh-century Tang Dynasty. But it is now overlaid with a Communist Party cadre system that makes most officials answer to party discipline rather than an independent code of public conduct.

Marwyn Samuels, a professor at the Maxwell School of Syracuse University,

which is assisting the National School of Administration, said that standardized qualifications for a more professional civil service could reduce corruption.

"When the means-test for power in China becomes something other than personal connections, China will be on the road toward defining its own more transparent and equitable political system," he said.

"They have to learn how to run a society ruled by law, that isn't corrupt, and where officials have responsibility for the people," Mr. Samuels added. "They have to figure out how you can make the bureaucracy more responsive, more transparent, and make sure it doesn't change next week when new guys come into office."

Even if the government succeeds in slashing the bureaucracy, the party's control is probably the greatest obstacle to genuine reform. The party recognizes the need for professional managers for everything from enterprises to patent offices, from tax bureaus to tourism boards. But it is wary of granting anyone too much power or independence.

Improving the performance of the remaining civil servants has more to do with the lives of ordinary people than the nature of the national legislature or the much-discussed "village election experiments."

"This dimension of political reform is bringing change where it counts most immediately in the daily lives of the average citizen," Mr. Samuels said.

Some of the school's case studies reveal some of the problems that dog governing in China. In the old cadre system, party committees selected civil servants. A class examined what happened when one bureau decided to advertise for 10 vacancies and actually interview candidates. Competitive mechanisms for promotion were studied in another.

In Shanghai in Henan Province, officials experimented with rotating posts among people from other areas. A police chief brought in from outside managed to crack down on several local officials involved in major corruption. The city of Qingdao has experimented with ways to dismiss civil servants. It laid off 25 people in 1992 and 52 in 1994 for incompetence. Most were accused of being absent from work for long periods, gambling or "immoral conduct."

Attending the school, said Xie Yan-zhi, was "like adding gasoline to a car."

He is now the boss of 112 civil servants in the Sichuan Province logistics department, which oversees hotels, real estate companies, schools and restaurants. Mr. Xie said he studied everything from staff travel allowances to how to separate administrative institutions.

Li Youming, another recent student, is now general manager of a chemical factory that roughly breaks even. He studied a topic at the school that the government promised Friday will soon make him popular: how to retrench unneeded workers.

Bus Bomb Inquiry Starts in Colombo

COLOMBO — While the authorities increased security in the capital of Sri Lanka, the police questioned three people on Friday about a bus bombing that killed 36 people and wounded 300 more.

The three were detained Thursday in the Batticaloa district, 210 kilometers (130 miles) east of Colombo, hours after the bus blew up in front of a railway station.

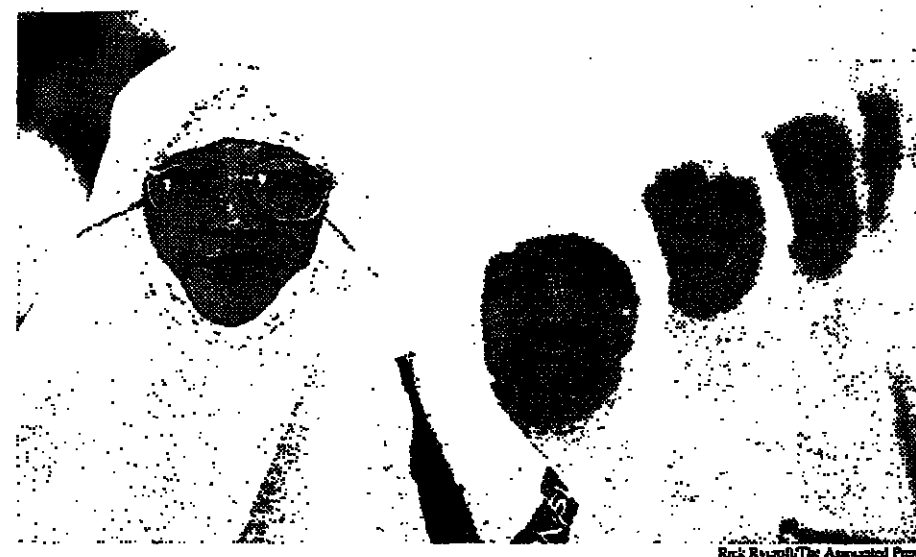
One of those arrested was the owner of the bus, officials said. The authorities said they suspected that Tamil separatists carried out the attack.

The dead included two policemen and three children. More than 100 people were still hospitalized on Friday.

Hindu Nationalists Hail a 'Mandate'

NEW DELHI — Leaders of the Hindu nationalist Bharatiya Janata Party said Friday that voters had given them a mandate to govern and that they would soon form a coalition to lead the nation.

The party's leaders have been sounding increasingly confident in the days since the bulk of vote counting in the federal parliamentary election ended.



Muslim women waiting in Jakarta on Friday to board a plane for the pilgrimage to Mecca. About 200,000 Indonesians will make the hajj this year.

No party won the 273-seat majority needed to control the 545-member lower house of Parliament, but Bharatiya Janata was both the single largest party and, with its allies, the biggest bloc.

"We have a decisive mandate," a party spokeswoman, Sushma Swaraj, said after a meeting of the leadership.

The newly elected Bharatiya Janata lawmakers will meet Saturday to formally elect Atal Bihari Vajpayee as their candidate for prime minister. Mr. Vajpayee is seen as a moderate within the party.

New Zealand Leader Tours Dark Auckland

AUCKLAND, New Zealand — The prime minister toured the blacked-out capital of New Zealand on Friday, where more than 300 businesses were heading her call to sue the power company for their losses.

Prime Minister Jenny Shipley said plans were under way to draw office workers and shoppers back into inner-city Auckland, which has been dark

U.S. Is Reneging, North Korea Says

TOKYO — North Korea said Friday that the United States was not living up to the terms of an agreement to supply it with nuclear reactors in return for the suspension of its nuclear program.

"We cannot but express deep concern over this insincere attitude of the U.S. toward the implementation of the framework agreement," a North Korean Foreign Ministry spokesman was quoted as saying by the Korean Central News Agency.

The criticism of the United States came 10 days before four-party talks for a Korean Peninsula peace treaty are due to start in Geneva. The four parties trying to reach a treaty that will replace the armistice that ended the Korean War (1950-1953) are North and South Korea, the United States and China.

North Korea said the United States had not done enough to build the reactors and supply it with heavy oil as stipulated in the agreement. (Reuters)

SUHARTO: Getting New Powers

Continued from Page 1

allowed to bypass legal procedures when they make arrests, Mr. Sanit said.

The government already closely monitors and sometimes stamps out dissent, banning critical books and detaining opponents.

On Friday, the government-linked journalist association temporarily expelled the editor of a magazine that spoofed Mr. Suharto as the king of spades on its cover. Margiono, chief editor of D & R magazine, cannot work as a journalist for two years.

Top editors need association backing to work in Indonesia.

After this week's edition of the magazine appeared, government officials criticized the magazine for depicting Mr. Suharto as a king, arguing that he is an elected leader, and calling for some sort of punishment.

The Honorary Council, a group of government and media officials that oversees the association, accused the magazine of violating journalistic ethics by degrading Mr. Suharto. Insulting the president is a crime in Indonesia.

"Unless the association restores Margiono's membership, he cannot work as chief editor," an official said.

A dozen members of a government-backed youth group protested at the magazine's office on Friday.

Bambang Bujono, a D & R executive, said Thursday that the cover was meant to show that "no matter how many times we turn the card, President Suharto will still be elected."

Information Minister R. Hartono warned Thursday that the magazine could lose its publishing permit. He described the cover as vulgar and said it "undermined the constitution."

FLIP: 'Elk Test' Turning Into a Critical Maneuver for Each New Model of a German Car

Continued from Page 1

potential to roll out of the Black Forest and over to Detroit and Tokyo, industry officials say. "Initially the test will be a national standard, but later it could become international," just as crash tests are now, said Winfried Grzenia, a VDA spokesman.

Germany, he added, is the only country that is developing a standardized version of the test.

"A high-speed swerve is certainly something that every manufacturer believes it must put its car through," said John Lawson, industry analyst in London at Salomon Smith Barney. "I do not believe that anyone could possibly be comfortable at launch if their car cannot pass the elk test, given the situation that Mercedes had to face."

Brushing off accusations from VW, GM's Adam Opel unit insisted Friday that it did not intend to topple the Golf IV, the latest version of the best-selling car in Europe.

A VW board member, Klaus Kocks, accused Opel of "dirty propaganda" this week, saying that it had conduct-

ed the test to smear the reputation of its rival during the Geneva auto show.

Opel admits that it ran a Golf through a series of elk tests in front of 70 Opel salesmen, who were eager to see how the new Opel Astra — a model that competes directly with the Golf — fares in the industry's hottest new safety exercise. Tests of competition cars are standard in the industry, Opel said.

"The Golf went through the tests several times without any problem, but on the last time it tipped," an Opel spokesman said. "We cannot explain the hysteria from VW," said another Opel spokesman, Bruno Seifert.

Opel, however, cannot boast that it is the first to tip over a new Golf. As Daimler saw its reputation threatened last November, it conducted a "benchmarking test" against rival models. On an abandoned military airport near Stuttgart, its drivers managed to flip both an Astra and a Golf.

As images of cars with their four

wheels pointed to the sky become commonplace, at least in Germany, high-tech remedies are emerging. Business has boomed for makers of computerized balancing systems that stabilize cars on tight elk-like turns.

Known as "electronic stability programs," or ESP, such sophisticated gear could eventually become as standard as airbags or anti-lock brakes, some industry officials say. Activated by a sensor that gauges a car's center of gravity, ESP is meant to stabilize an off-balance car by gently braking its wheels or slowing the engine.

Robert Bosch GmbH in Stuttgart, which supplied Daimler with the ESP equipment that salvaged the re-launching of its roll-prone A-class subcompact, said that ESP orders had come in so heavily that it could not fill all of them.

Hermann Scholl, head of operations at Bosch, said it expected to sell "at least 250,000 units, and probably many more than that" in 1998 after a relatively

small orderbook of 50,000 last year. By 2000, Bosch expects to install over 1 million, prompting the company to hire an additional 450 assembly-line workers and 200 more engineers to handle the business, the company said.

This week, Opel became the latest German automaker to announce that it would install the systems in some models.

In Geneva, Daimler's chairman, Juergen Schrenpp, said the company would outfit every Mercedes with ESP by 2000 — not just the A-class, which now carries ESP as standard equipment.

Industry sources at the Geneva auto show said Volkswagen and its Audi A8 performance car division had ordered 1 million ESP components and had options to double that. A spokesman for Volkswagen, which placed its orders with ITT GmbH, a Frankfurt subsidiary of ITT Industries Inc., based in the United States, declined comment. Bayerische Motoren Werke AG will phase in ESP over several years.

WHAT A NICE PICNIC! By Richard Silvestri

| | |
|---|-------------------------------|
| ACROSS | DOWN |
| 1 Backslide | 3 Bugaboo |
| 5 Chair | 4 In a flap |
| 10 Fluff up | 5 Timber problem |
| 15 Alum, for one | 6 Force back |
| 19 First name in daredevilry | 7 Play stretcher |
| 20 Fixed the pilot | 8 Something to heave |
| 21 Mix, in a way | 9 Increase the slope of |
| 22 Mixed bag | 10 Random bits |
| 23 Part of a girl's magazine dealing with makeup? | 11 Veldt sight |
| 25 Attempt to irritate? | 12 — breve |
| 27 Kind of sauce: Var. | 13 Hellos, to the Romans |
| 28 Treasure State capital | 14 Mask features |
| 30 Straight | 15 Tone down |
| 31 Sing in a full, happy voice | 16 Succulent plant |
| 33 Await judgment | 17 Penn Station initials |
| 34 Fowl place | 18 "Hold the Line" rock group |
| 35 Taps in quality | 19 "Hold the Line" rock group |
| 38 On the horizon | 20 Ankles |
| 40 Goldbrick | 21 Rank |
| 41 Maker of the game Pong | 22 Gambling spot |
| 45 Cinematographer Mykelti | 23 Washing |
| 46 Got up | 24 "Phooey!" |
| 48 1989 Peace Prize | 25 Jam session feature |
| 49 "Belt" (Stephen Foster song) | 26 Author Calvino |
| 50 Go parasailing | 27 Country's border? |
| 51 Has a bug | 28 At this point |
| 52 E.T.'s offering | 29 Hurts badly |
| 53 Connecticut Bulldog | 30 Army dog |
| 54 Sleeves of a sports jacket? | 31 Overjoy |
| 58 Milk, in combinations | 32 Chopper part |
| 59 Dorm companion | 33 Out of (grouchy) |
| 61 Former West African capital | 34 Bit of physics |
| 62 Infer | 35 Sounds of the "camera" |
| 63 Epitome of hardness | 36 Collector's book |
| 64 Garfield's middle name | 37 Sejoan |
| 65 Grow past the hour | 38 Small type |
| | 39 Backing for plasterwork |
| | 40 One of the Thomases |
| | 41 Krypton and xenon |
| | 42 Tattered Tom's creator |
| | 43 Married people |
| | 44 1920 Coleite novel |
| | 45 Nida |

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Solution to Puzzle of Feb. 28-March 1

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|---|-------------------------------|
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| 1 Backslide | 3 Bugaboo |
| 5 Chair | 4 In a flap |
| 10 Fluff up | 5 Timber problem |
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| | 42 Tattered Tom's creator |
| | 43 Married people |
| | 44 1920 Coleite novel |
| | 45 Nida |

INTERNATIONAL WOMEN'S DAY - MARCH 8TH

A flower for the women of Kabul

In Afghanistan, women and girls have to bear the brunt of segregation imposed by law. Women do not have the right to speak in public, they do not have access to the same healthcare as men, they do not have the right to education, and they do not have the right to go out to work. They are furthermore obliged to wear all-concealing cloaks in public. Stripped of all basic rights, they have become invisible, shadows deprived of the right to an independent existence, deprived of all choices about how to live their lives. What is more, women do not have access to humanitarian aid without discrimination. Yet many depend on such aid to survive. This is not a religious issue, nor about local cultural traditions. This "gender apartheid" affecting women and girls must cease immediately.

That is why we, the undersigned, call on the Member governments of the United Nations, as well as on all international organisations:

to withhold recognition of any regime in Afghanistan, so long as gender discrimination is imposed in the country;

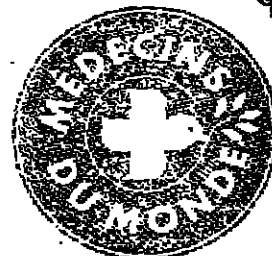
to do all in their power to ensure that international humanitarian aid be made accessible to Afghan women without discrimination;

to apply pressure, both directly and indirectly, to ensure that the Declaration on Human Rights is respected in Afghanistan, and to ensure that the rights of women in particular are upheld.



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| Bella Abzug | Mahnaz Afshar | Diarra Afoussatou | Susanna Agnelli | Maria Cristina Alberdi Alonso |
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| Laila Al-Murayid | Shulamit Aloni | Louise Arbour | Hanan Ashrawi | Martine Aubry |
| | | | | |
| Michèle Barzach | Ritt Bjerrgaard | Emma Bonino | Mònserat Caballé | Marie José Camara |
| | | | | |
| Glenn Close | Mairead Maguire | Silvia Costa | Edith Cresson | Maria Da Lourdes Pintasilgo |
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| Carla Fracci | Geneviève Fralisse | Elizabeth Furze | Whoopi Goldberg | Hazelle Goodman |
| | | | | |
| Margerita Hack | Tarja Halonen | Barbara Hendricks | Eveline Herfkens | Lena Hjelm-Wallén |
| | | | | |
| Shirley Knight | Hanif Lakdawala | Catherine Lalumière | Rita Levi Montalcini | Anne-Marie Lizin |
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| Rigoberta Menchú | Marie-Claire Mendès-France | Khalida Messaoudi | Mary McAleese | Junanita Millender Mc Donald |
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| Ornella Muti | Djalila Fatoumata N'Diaye | Queen Noor of Jordan | Ghita Nerby | Lisbet Palme |
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| Winona Ryder | Claudia Roth | Danielle Sarter | Susan Sarandon | Cornelia Schmaltz-Jacobsen |
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| Sara Simeoni | Eleanor Smeal | Milet Smet | Lois Smith | Gloria Steinem |
| | | | | |
| Livia Turco | Nel Van Dijk | Simone Veil | Jody Williams | Wlawa Szymborska |
| | | | | |
| Christa Wolf | Lynn C. Woolsey | Monika Wulf-Mathies | ... | ... |



March 8, 1998 - A flower for the women of Kabul

Name, Surname _____ Signature _____

Address _____

Send to: A flower for the women of Kabul, ECHO, rue de la Loi, 200 B-1049 Brussels Belgium, who will forward to Ms Mary Robinson, High Commissioner for Human Rights, United Nations

<http://europa.eu.int/womensday/>

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

First Things First

Indonesia faces an immediate financial crisis that the International Monetary Fund can help ease, and a longer-term political crisis that can be remedied only by reforms that President Suharto seems incapable of adopting.

Though the monetary fund is right to be concerned about corruption and financial favoritism in Indonesia, it should be concentrating on the economic problems that threaten to bankrupt that country. The other problems, including the business manipulations of the Suharto family, will require sustained American pressure.

The IMF came to Indonesia's rescue with a \$43 billion credit package out of concern for its 200 million citizens and out of fear that the country's financial collapse would send off shock waves around the world. The most pressing problem is the collapse of the Indonesian currency, the rupiah. That has raised the price of food and other imports and frightened away foreign investors. As a result, interest rates have soared to levels that have devastated domestic companies and banks.

The proper remedy for this financial chaos is financial reform. President Bill Clinton's emissary, Walter Mondale, properly warned Mr. Suharto during a recent trip that he must stop evading such reform.

In Indonesia's case, that means appointing competent economic ministers. Unfortunately, Mr. Suharto re-

cently named a political hack as head of the central bank. Reform also means that Mr. Suharto must keep a tight lid on the money supply. If he does, inflation, which rose nearly 32 percent last month, will fall and the rupiah will rise.

He must also negotiate a feasible repayment schedule with foreign creditors and control government spending, though not as tightly as the IMF insists, since its targets would force him to cut back on food subsidies that Indonesians desperately need.

Mr. Suharto has made progress in cleaning up the banking industry. The IMF insists that he close failing banks and prop up solvent ones so they can reopen lines of credit to cash-starved Indonesian factories. Here is where IMF money and other international aid can play a significant role.

Once core financial problems are dealt with, Washington must press for other reforms. Indonesia should end the cartel through which Mr. Suharto's family and friends control trade in plywood and other products. Banking deals for relatives should be eliminated, and friends and family should not get a cut of international business deals. The IMF should play a role in making Mr. Suharto accept these changes.

For now the emphasis must be on the financial problems that threaten economic collapse. But Mr. Suharto should not think that is all that is required of him.

—THE NEW YORK TIMES

Burma's Image

The odious military regime that misrules Burma recently arrested 81-year-old U Nu Myint, a respected democratic politician. His whereabouts, according to Amnesty International, are unknown, his health a worrisome question. One wonders whether this latest assault on civil liberties reflects the advice Burma's military rulers have been receiving from their recently retained American image-makers.

These U.S. public relations employees of the cruel regime apparently have persuaded it to change its name from the unappealing SLORC (State Law and Order Restoration Council) to the equally mendacious but more neutral-sounding State Peace and Development Council. But the arrest of U Nu Myint, the continuing detention of the heroic Daw Aung San Suu Kyi and the recent detentions of 40 other activists show that even with a new name, it is business as usual for the ruling junta.

The junta seized power in 1988. Two years later, misjudging its own popularity, it permitted elections. The National League for Democracy won in a landslide, even though the junta had put many of its leaders under house arrest. The regime then refused to honor the results of the election. Daw Aung San Suu Kyi, daughter of Burma's independence leader and a Nobel Peace laureate, has been under house arrest pretty much ever since, and Burma — a naturally wealthy nation of 47 million people — has slid ever deeper into poverty.

Increasingly isolated, Burma's rulers have caught on that they have an

image problem in Asia and the West. According to a recent Post article by R. Jeffrey Smith (1/17, Feb. 25), companies with close ties to the junta have spent hundreds of thousands of dollars on U.S. public relations firms and lobbyists.

It's not known exactly what advice the Burmese have gotten for their money. But for far less than what their lobbyists charge, we could give them a few hints on how to improve their image: Put an end to forced labor and the press-gang of peasants to become military porters. Stop torturing political prisoners and release them from the infamous (and not yet renamed) Insein Prison. Open a dialogue with Daw Aung San Suu Kyi and let her meet freely with her supporters.

On one front, the regime's battle for legitimacy gained some ground in recent days. Japan's government has let it be known recently that it is planning to resume foreign assistance to Burma after a decade of withholding all but humanitarian aid. Why the Japanese would want to break ranks with most of the world now, when there has been no improvement in Burma's human rights record, is a mystery. Japan says it wants to help rebuild Burma's international airport, which is even more of a mystery: Why encourage investment and tourism? Daw Aung San Suu Kyi, has stated clearly that any aid and investment would benefit not her compatriots but only Burma's corrupt rulers. It's not clear why Japan would want to weigh in on their side.

—THE WASHINGTON POST

Free Speech and Smut

A pair of photographer-artists seem well on the road to fame beyond the boundaries of the art world, propelled to the heights of fame, recognition and probably of wealth by protesters attacking their work as pornographic. Prosecutors in Tennessee and Alabama recently brought indictments against the bookstore chain Barnes & Noble for selling art books by the photographers, Jock Sturges and David Hamilton, both of whose works include some photographs of nude children.

The indictments follow a months-long campaign against the titles, led by Randall Terry, formerly head of the anti-abortion group Operation Rescue, and James Dobson, leader of the conservative Christian group Focus on the Family, who have urged followers to complain about the works and even rip up books in stores.

Left out of the discussion is the little matter of whether the photographs in question actually can be considered child pornography — and, by extension, whether any photo of an unclothed child must be considered pornography. In fact, the U.S. Supreme Court has ruled that child nudity does not automatically constitute child pornography. Like other pornography, it

must meet a test that asks whether the work appeals to prurient interest and is devoid of artistic and other merits. And Mr. Sturges, whose work is in the permanent collection of the Metropolitan Museum of Art and other major museums, has been targeted before — unsuccessfully. In 1990 a court refused to indict him after a raid on his San Francisco studio. For his part, he says there is "no harm or crime in my work — just innocence."

The bookstore chain says it will not withdraw the books and will fight the charges. "As booksellers, we have received requests and demands over the years to stop selling everything from 'The Rise and Fall of the Third Reich,' to 'The Living Bible,' to 'The Merchant of Venice' and 'The Adventures of Huckleberry Finn,'" the chain says. "While these requests come from concerned and otherwise responsible citizens, we do not believe they should abridge the principles of the First Amendment."

This is the right position. Of all the possible venues where freedom of expression may be challenged, the bookstore would seem to be one entitled to the fullest possible protection.

—THE WASHINGTON POST

The UN Security Council's Dirty, Little Secrecy

By A.M. Rosenthal

NEW YORK — Once in a while, newspapers and TV carry pictures of diplomats raising their hands to vote at meetings of the UN Security Council. They are political frauds — both meetings and pictures.

The press is allowed into council meetings only briefly and after days, weeks or months of closed-door sessions about matters of international life and death, like Saddam Hussein and what to do about him.

The debates, the deals, the concessions made or refused, the pressures applied, the real relations among the nations — the meat of policy-making, not the public-relations cotton candy — are hidden from the world. No pictures, no reporters, no transcripts.

About anything embarrassing to their governments — a betrayal by a friend, a double-cross by an enemy or an act of appeasement — the delegates can act as if it never happened. In the Iraq debate, the United States pretended that Russia, France and China were dancing sweetly with it when they were really kicking it in the shins.

Whatever official "briefing" information comes out of any closed-door meeting is a censored handout, choreography, pabulum for the mind.

The culture of secrecy is so embedded in the work of the council that the public and press take it for granted. They assume it was always that way. No, it was not. The council is the most important body in the United Nations, created to deal with the dangerous international disputes. For more than 20 years after the United Nations was created in 1945, almost all council meetings were open. I find few journalists and officials who are even aware of that.

Even then, council delegates could, if they wished, meet in the privacy of their homes or offices and sometimes did. But the purpose was to have some quiet conversation, not to close the real business to the public. Except for the selection of a secretary-general, the council met in its own chamber, reporters present, every word recorded.

The world heard real national positions and real emotions, and made real judgments. We saw Indians and Pakistanis weep with one another when Gandhi died — and Indian scream at one another over Kashmir. Neither sorrow nor anger was sanitized.

The world saw the Soviet delegation perform its specialty — the walkout. Reporters knew the advance signal. Assistants packed attaché cases during the fill roar of a chief Soviet delegate, preparing for his march to the door the instant he finished.

On June 25, 1950, the council met — openly — to deal with the outbreak

The important debates are conducted behind closed doors.

of war in Korea. It adopted a U.S. resolution finding North Korea guilty of an unprovoked attack, which led to the United Nations giving its flag and support for American troops already ordered into action by Harry Truman. Moscow could have vetoed the resolution. But Jacob Malik, its delegate, was absent, continuing an earlier walkout, and lost the chance. Never again was there a Soviet walkout.

Those open council meetings created an sense of intimacy and interest in the United Nations. They fascinated smaller countries that for the first time

found their own problems discussed by their own representatives before a world audience.

Most important of all, people of any country could see what their diplomatic representatives and government were doing to help the world or hurt it.

The Security Council got slowly into the world of secret meetings — sporadically in the '60s, more in the '70s. In the '80s secret meetings were all. Diplomatic life was easier that way.

Sometimes delegates tell me that they get more good results working in private. That is not overwhelmingly convincing. Nations met in secret for all the centuries before the United Nations. What they did mostly after the meetings was go to war.

The U.S. executive branch has been happy with secret council meetings. The legislative branch has made the United States the world's deadbeat, more than \$1 billion behind in UN dues. So here is my open, fully revealed proposal:

Congress writes the check, conditional on the State Department's leading a charge against closed council meetings. Pay the money, open the doors, let people hear and see what they own.

The New York Times

What Arafat Teaches Young Palestinians: Slimy Propaganda

By Charles Krauthammer

WASHINGTON — At the height of the U.S.-Iraq crisis last month, Palestinian students marched in the West Bank and Gaza, burning American and Israeli flags and chanting "Beloved Saddam, destroy Tel Aviv" and "Powerful Saddam, strike with chemical weapons."

Americans are largely inured to the loathsome depths of the anti-American and anti-Israel agitation among the Palestinians. But these demonstrations must not pass unremarked. When the elite of Palestinian youth call for the mass murder of Jews — by gassing, no less — attention must be paid.

This cannot be dismissed as the expression of a few extremists. According to the Palestinians' own polls, 77 percent of all Palestinians in the West Bank and Gaza support Saddam Hussein's attacking Israel with missiles in the event of an American strike on Iraq.

And considering what the Palestinian Authority run by Yasser Arafat teaches in the schools and through the controlled press, what can you expect?

Consider this from Al Hayat al Jadidah, the official newspaper of the Palestinian Authority, on "plots of aggression against Iraq and Palestine": "Netanyahu's face clings to Clinton's, and in between are people like Dennis Ross, Martin Indyk, Albright and Cohen who are all — surprise, surprise — Zionist Jews." (Referring to the U.S. negotiator Mr. Ross, Assistant Secretary of State Indyk, Secretary of State Madeleine Albright and Secretary of Defense William Cohen.) It would be hard to concoct a sentence that contains a slimmer mixture of anti-American and anti-Semitic sentiment.

The newspaper, however, goes on to do exactly that. It draws, for example, the larger lesson on the nature of the Jews: "a fraction of humankind — perceiving themselves to be of unique descent chosen by Allah to rule the world — spell doom for all nations on earth, emanating from their superiority complex, a complex of the new Nazism and the new racist Aryan race."

This staple PLO teaching — Jews as Nazis — is followed by a doubtful history lesson: "This spells doom for the U.S. itself, as was exhorted by the American President Benjamin Franklin, who claimed that if Jews were permitted entry into the U.S., they would take over the country's resources within a hundred years and tyrannize the American people who would become subservient to them."

The newspaper then asks, "Doesn't the American administration embody Franklin's prophecy these days?" (This old forgery appeared in 1935 in German in the Nazis' "Handbook on the Jewish Question.")

Why is this revolting propaganda important? Because the idea of the Oslo accords was step-by-step reconciliation between Arab and Jew: Israel would gradually give back territory, testing as it went the sincerity of Palestinian pledges on

peace and coexistence.

Israel has accordingly made three extremely significant withdrawals. As a result, the occupation is over, with most of the Palestinians in the West Bank and Gaza living under Mr. Arafat. And what do Israelis find on the other side? That Mr. Arafat has raised a generation so thoroughly schooled in hatred of "Judeo-Nazis" that it calls openly for genocide.

Some coexistence, some peace. Just last month, in fact, Mr. Arafat threatened to "cross out" Oslo and begin the violence all over again.

What, then, is the U.S. administration's plan for rescuing a peace process so subverted by hate and warmongering? Pressure Israel, of course. The State Department is considering giving Israel an ultimatum to make a fourth territorial withdrawal in return for yet another round of Arafat promises to cease anti-Israel propaganda, to embrace nonviolence, to change the Palestinian Charter calling for the extermination of Israel.

Israel's president, Benjamin,

Netanyahu, is rightly prepared to say no. His government is willing to make a fourth withdrawal, but only after Mr. Arafat delivers on the promises he made the first three times.

Moreover, Mr. Netanyahu is prepared to make a final settlement with Mr. Arafat, involving a final Israeli withdrawal, in return for a final peace and final borders. Mr. Arafat is resisting making such a deal. Why? He prefers to get the land free. How? Let Mr. Albright deliver Israel. Let her pressure Mr. Netanyahu into another land-for-nothing deal.

Which is where President Bill Clinton comes in. He can override the State Department's instincts and send Mr. Arafat a message: We will not deliver Israel; only you can do that. Land for peace, not land for empty air. You can get your state, your flag, your independence, but only by making a deal directly with Israel and living up to your commitments. You might start by teaching your young that the passing of Jews is something not to be cheered.

The Washington Post

If They Can't Play the Game, They Don't Deserve the Fame

By George F. Will

WASHINGTON — Has New England lost its once formidable mind? Evidently, given the goings-on at the University of Connecticut and by a senator from Vermont.

Nykesha Sales, a senior on UConn's basketball team, was one point shy of the school scoring record when she suffered a season-ending injury. Her coach is just a man, but a '90s Man — caring and sensitive.

He felt her pain and got the opposing coach to agree that at the beginning of the UConn-Villanova game Villanova would stand around while Sales hobbled to the basket for an uncontested shot. UConn would give Villanova an uncontested shot and the game would continue, with everyone feeling noble. The person whose record Sales broke said she could think of no reason why this was improper.

Here is why. Part of the beauty and much of the moral seriousness of sport derives from the severe justice of strenuous play in a circumscribed universe of rules that protect the integrity of competition. Records are worth recording, and worth striving to surpass, because they serve as benchmarks of excellence achieved under the pressure of competition.

Some people say that what may be the most revered record

in American sports — Joe DiMaggio's 56-game hitting streak in 1941 — was facilitated by one or more sympathetic rulings by which official scorers turned what should have been errors into DiMaggio hits. But if so, at least those were not public travesties proudly staged, as by UConn.

Going into the last day of the 1941 season, Ted Williams was batting .3995. If he had sat out that Sunday's doubleheader, his average would have been rounded up to .400. Not wanting to back into glory, he played, went six for eight, finishing at .406. That was sportsmanship.

On the last day of the 1910 season, the detested Ty Cobb was not playing and he led the well-liked Napoleon Lajoie for the batting title. Lajoie would need a hit in almost every at bat in that day's doubleheader against the Browns. The Browns manager told a rookie third baseman to play far back. Lajoie went eight for nine, including six bunts toward third. Baseball's government (back then, it had one) counted Lajoie's eight hits but fiddled enough arithmetic to declare Cobb the winner over Lajoie, 384944 to 384084.

What did the government — the commissioner — of the Big

East Conference do about UConn's antics? Feminists, who are not having much fun in this year of Their Man and Monica, probably did not enjoy it when the commissioner justified the Sales charade by trying to sound sensitive about gender differences. He said "men compete" but "women break down, get emotional."

Actually, much is the progress on the gender front, that men are acting foolishly, too. A male judge (who does not play golf, let alone high-pressure professional golf) recently required the professional golfer who has trouble walking long distances to ride in a cart. Another victory for compassion, "compensatory opportunity" (an early name for affirmative action) and the entitlement mentality — every one is entitled to what they want, no matter what must be made a mockery of. So the mere fact that you physically cannot do something athletic is no impediment to (sort of) doing it.

And the mere fact that your favorite lake is little does not mean it cannot be a Great Lake. Congress has passed a bill containing a provision by Senator Patrick Leahy, Democrat of Vermont, declaring that there shall henceforth be six Great

Lakes. Mr. Leahy's office offers many rationalizations, ranging from — Lake Champlain's geological similarities to the real Great Lakes to Champlain's being the site of a Revolutionary War battle.

The real reason is, of course, that more money leaks into Vermont from government programs if Lake Champlain gets elevated to the glory of Lake Ontario, the smallest Great

Lake, which is 15 times larger than Lake Champlain.

Lincoln, who lived when facts were still stubborn things, asked: If I call a tail a leg, how many legs does a dog have? Five? No, four, because calling a tail a leg doesn't make it a leg. That is why Lake Champlain is not a real Great Lake and Sales scored 2,176, not 2,178, real points in her career.

The Washington Post

Sports With Compassion

IT WAS bound to come to this. The deepest fears surrounding the entry of women into what formerly were men's games lies in the question of whether women will change the game.

The fears surfaced when Nykesha Sales was allowed to break her school's scoring record, setting off a national debate that has focused on the issue of gender politics.

This quarrel predictably focuses on whether Sales was given this special "gift" because she was a woman and whether women players are less competitive and more emotional than men.

Both questions are misleading — the first because of the many male athletes who have set records under similar circumstances, the second because

the gender comparisons clearly do not hold up. The tremendous competitive success of women basketball players and the responses of men to disappointment and injury belie these stereotypes.

So what is this story really about? The issue is what should we do — what do we want to do — when rules conflict with relationships? Sales's coach understood the disappointment of his hard-working player, and arrived at a solution that honored both Sales and the game.

Acting in concert, everyone agreed to modify the rules to accommodate the spirit of her achievement. So what is wrong with that?

Carol Gilligan, a professor of gender studies at Harvard, writing in The New York Times.

There's More Television, but Less News

FOR ALL the loving obituaries and on-air panegyrics to the former president of CBS News, Fred Friendly, his death forces us to realize what thin soup television news has become after the hearty stuff Mr. Friendly and his minions served their audiences 30 years ago.

When he dominated what was once the "Tiffany network," Mr. Friendly wanted hard, unpretentious news. He favored documentaries that disturbed people — politicians, advertisers, viewers.

More dangerously by today's television standards, he also agitated those in the executive suite. Known as the network's noisy conscience, a man who hated things trivial, he couldn't last. After opposing an executive who aired a rerun instead of a hearing on Vietnam, Mr. Friendly didn't

retreat and apologize. He sent his letter of resignation to The New York Times.

Those were the days when, as the saying went, black and white television was still very green. There were only three major networks and only a few hours a week of news.

Today there are more programs labeled news than even the most deeply addicted news junkie could ever watch. There is broadcast and cable, morning, evening, late evening, 24-hour. There are maybe 100 stations with the latest, up-to-the-minute, breathless reports on items like weather, crime and liposuction — the kinds of news that focus groups have anointed as interesting.

Despite this vast amount of news broadcasting, there are fewer news shows that rise within reach of the Friendly

standard. And international news, once the crowning glory of television news, has become altogether too foreign to network journalism.

CNN maintains its global reach, but it has only a small corner in the U.S. television market. Most in-depth news now runs around the edges of the big broadcast networks — C-Span, PBS, Discovery. Reports from Africa or Bosnia or even China don't rouse the ratings police who oversee most of the major news shows.

Fred Friendly once said that "the real miracle of television is when it's used to make us think."

Unfortunately, the real miracle in today's television news is that it is ever used to make us think at all.

Eleanor Randolph, writing in The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Deputies' Duel

ROME — Signor Cavallotti, the brilliant orator, distinguished poet and leader of the Italian Radicals, was killed in a duel by his fellow-Deputy, Signor Macola, editor of the Venice Gazette. The combat was the outcome of a newspaper controversy. General consternation prevailed, for Cavallotti was greatly liked. France loses in him one of the sincerest friends she has in Italy. Italian law forbids duelling. Unfortunately, the courts do not enforce respect for the law, and it is often the deputies who set the bad example.

1923: French Virtues

PARIS — Miss Jane Burr, the well-known American author and evangelist of the knickerbocker, arrived in Paris. Miss Burr will preach the gospel of the knickerbocker and gather material for the two books she is

writing. "My purpose in writing the first book," Miss Burr explained, "is to destroy the general and absurd notion in America that Frenchwomen are synonymous with demimondaine. My knowledge of Frenchwomen has convinced me that they possess the elemental virtues more abundantly than even our own women."

1948: Arab Leader

JERUSALEM — Fawzi Kawukji, field commander of the Arab People's Army of Liberation, entered Palestine. Fawzi's impending arrival to head a force which includes about 6,000 men, has been rumored, but for some days Arabs said it would signal the start of preliminary offensives against Jewish settlements. In addition to seeking out areas where the withdrawing British are unable to interfere, the offensives would give the Arab volunteers tactical training.

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EUROPEAN FINE ARTS

A CROSSROAD OF COUNTRIES AND ART WORKS

The European Fine Art Fair, now in its eleventh year, has much to whet any art lover's appetite.

Every spring, Maastricht — a small Dutch city with an international atmosphere — draws art lovers from all over the world to an arts and antiques fair that many consider to be the best. This year's event, the eleventh, will be held in a surprising venue for such a distinguished concentration of beautiful art: a vast, functional and unattractive hangar called the Maastricht Exhibition and Congress Centre (MECC) on the outskirts of town.

TEFAF — The European Fine Art Fair, which regular visitors simply refer to as "Maastricht" — is being held there from March 7 through March 15. It will be attended by 170 highly reputed dealers from 14 countries, proposing art objects from every collecting specialty. Around 60,000 visitors are expected, both for the fair itself and for regular events such as lectures on art history and a program of concerts. The MECC will also house a major non-commercial exhibition featuring ancient Roman works of art originating from the region formerly known as Euregio, all on loan from six museums around Maastricht.

Maastricht, ensconced in the southern tip of the Netherlands, close to France, Belgium, Germany and Luxembourg, is the ideal catchment area for much of Northern Europe's most serious spending power, as the continuing success of the fair has proved. In fact, the gloomy downturn in the world economy were upbeat at this fair. Its perennial success is due not only to the very high quality of the art on show, but also to the "vetting" procedure — pre-show checks by panels of experts into the authenticity and state of conservation of every object offered for sale — which re-

assures the private collectors and museum curators who form an important part of the Maastricht clientele. Over the past couple of years, trading at the fair has reflected the powerful upswing in the economies of the United States and certain European countries.

Seven sections TEFAF is organized into seven sections: paintings; drawings and engravings; antiquities and objects d'art; textile arts; classical and Egyptian antiquities; illuminated manuscripts and rare books; jewelry; and 20th-century art.

By far the largest department is that of paintings. With Maastricht situated where it is, Old Master Dutch and Flemish works are naturally at the fore. More than two-thirds of all such works available on the market — decorative still lifes, studies of flowers (especially tulips, the national bloom) and scenes of rollicking peasantry (another Netherlands favorite) — are to be found at TEFAF, hung in the austere black wood frames favored by art lovers of the region. But that is only half the story. There will be also rare masterpieces on show at Maastricht. One example is the serene 16th-century "Portrait of a Bearded Man Wearing a Ruff" by Frans Pourbus the Elder, at the stand of Dutch-born, New



This masterpiece by Frans Pourbus the Elder, from a private collection, will be shown at the TEFAF arts and antiques fair. The painting is one of the artist's rare signed and dated pieces (1580, one year before he died). Pourbus the Elder is known for portraits, religious and historical subjects, and landscapes. He painted an altarpiece in the Ghent Cathedral.

York-based dealer Bob Haboldt. Another example is a magnificent, albeit slightly worn, "Crucifixion" by the circle of Andrea Mantegna, endowed with all the grace and drama of the Italian Renaissance. This painting will be exhibited by another New Yorker, Piero Corsini. Parisian dealer Philippe Heim, meanwhile, will or-

ganize a broad-based show of 19th- and early 20th-century paintings by Danish, Dutch and French artists. Textile arts have always been a Maastricht specialty, even if this year the section

has shrunk to a handful of top-notch dealers: world-leading Paris tapestry experts Galerie Chevalier and Bernard Blondeel; the Textile Gallery from London; Franz Bausback from Mannheim;

and Londoner Linda Wrigglesworth, whose 18th- and 19th-century embroidered Chinese fabrics and garments always prove to be a crowd-puller.

Strong points Over recent years, the 20th-century art section has grown in strength thanks to the arrival of dealers of international repute such as Marlborough International Fine Art, the Mayor Gallery from London and Barbara Mathes Gallery from New York. The choice of works by big-name artists remains cautious — a reflection of conservative collecting tastes.

After paintings, the other strong point of TEFAF is objects d'art, from all periods and all cultures. The European Middle Ages and Renaissance are well represented, thanks to dealers like Jan Dirven of Antwerp, a great specialist in 15th-century Limoges enamel and medieval statuary, while Spaniard Luis Elvira regularly provides a dramatic exhibition of ironwork and religious art from his country. Stunningly elaborate examples of the crafts of 17th-century South German silversmiths, meanwhile, are shown by experts such as Albrecht Neuhaus of Würzburg and Galerie Neuse of Bremen.

Marcel Nies Oriental Art of Antwerp and leading Chinese art specialist Gisèle Croës of Belgium, whose million-dollar-plus antique bronzes and earthenware masterpieces always draw major collectors — often Americans of Chinese origin and Hong-Kong Chinese — on opening night.

Collateral attractions The university town of Maastricht has a charming, stone-cobbled historical center, major medieval monuments, a contemporary art museum, a lively café and nightlife and some outstanding restaurants as added attractions for the committed art lover.

"Maastricht attracts the enthusiastic collector. It's not exactly hard to get there but you still have to make an effort," says Old Master paintings dealer Johnny Van Haeflen.

The town was chosen for TEFAF on account of its geographical position. Twenty minutes in either direction and you're in France, Germany, Belgium or Luxembourg. Even from Calais, it's only three hours away, with only one traffic light along the way!

Collectors do come from as far as afield as Mexico and Argentina, although the majority of buyers hail from Northern Europe. Many North American art lovers are also committed to TEFAF and will be out in force. A group of 18 curators, collectors and friends of the local museum is traveling from Detroit, as are similar delegations from Chicago, New York and Boston.

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INTERNATIONAL HERALD TRIBUNE
SATURDAY-SUNDAY, MARCH 7-8, 1998
PAGE 8

The Wonders Of Maastricht

A Lure to Art Lovers
In a Shrinking Market

By Souren Melikian
International Herald Tribune

MAASTRICHT, Netherlands — Famous and not so famous, the world's most determined art dealers have done it again. In a world of shrinking supplies, "The European Fine Art Fair," until March 15, continues to be the greatest art selling show anywhere.

Despite an acronym that sounds like a schoolboy's joke (TEFAF), participants that are too numerous and weaknesses in the urban logistics (forget about getting a taxi when you want it), the lure to those who love art is irresistible. I know of no other place in the world where one might see under the same roof one of the great bronze vessels from fourth century B.C. China, hitherto unrecorded, and a stunning basalt portrait carved in Egypt under the 30th Dynasty (380-362 B.C.), of which the existence was revealed only three months ago.

The Chinese bronze vase graces the stand of Gisele Croes of Brussels and the Egyptian basalt head of Pharaoh Nectanebo I came from New York courtesy of Jerome Eisenberg, founder and owner of the Royal Athena Galleries.

Surprising as they are, both must give precedence for novelty to the alabaster vase carved by a Totonac artist in the Veracruz area of Mexico sometime between A.D. 600 and 900. Fitted with the head and tail of a seahorse, it is so far unique. It recently came into the hands of Santi Micali of Paris whose Galerie Mermoz is one of the world's leading galleries. He took it straight to the fair.

This desire to surprise, evident throughout the show, culminates on the stand of Axel Vervoordt of 's-Gravenwezel in Belgium. Amidst a sea of modest objects, one of the most brilliant discoveries in Western art history, made 18 years ago by the Dutch scholar D. F. Lunsingh-Schuurleer, is displayed for the first time. On one wall, there hangs a still life painted by Pieter van Roestraten around 1660. Food is arranged on a marble tabletop around a blue-and-white Chinese ewer. The stroke of genius was to recognize the actual ewer painted by Roestraten. It is there too. The silver mounts are so unusual in their elaborate detail that few would think of questioning the identification.

The search for novelty, harder to satisfy in paintings, is perceptible there too. John Mitchell of London displays a still life of 1826 by the unobtainable Antoine Berjon — none has been sighted at auction since this one appeared a decade ago. Light seems to flood the fruits piled up in a wicker basket precariously tilted in a curious close-up effect.

The urge to satisfy the public's growing demand for novelty prompts new interests. Artists who worked in the age of Impressionism without being part of it are looked at afresh. Mitchell has an unrecorded landscape painted in 1875 by Auguste Lepere. It is probably the little-known artist's masterpiece, at least as daring as a contemporary Monet but radically different. The plunging view from a low hill is painted in thick broad touches. The composition is elaborate and subtle, but detail is deliberately eliminated.

The exploration of new 19th-century venues goes on at the Galerie Beres of Paris. Felix Buhot, admired by collectors of late 19th-century etchings, is barely known as a painter. Apparently, he had inspired moments. His view of swallows in flight, in the form of a fan, done in gouache, is astonishingly modernist and yet deeply romantic all at once. Influenced by Japanese woodblocks, Buhot has entirely rethought whatever he borrowed from the Far East.

THE work of famous masters is similarly submitted to scrutiny in aspects previously unheeded if not positively spurned for being "secondary" or "peripheral." A wonderful sketch in wash and black chalk done by Jongkind in 1876 suggests that in some cases this was a regrettable oversight. A small hearse appears in the midst of a broad Paris avenue on a bleak windy day. Tiny figures stand around the hearse. The whole scene has a Daumier-like feel for tragic derision. Antisabelle Beres coined a title for it: "The Poor Man's Funeral."

The search for the unusual is spreading just as fast among dealers in Old Master paintings. Agnew's of London, hardly branded as a hotbed of revolutionary aesthetics, brought over a small gem — a newly discovered study of flowers in oil on paper by John Constable. It adds one more to the 12 hitherto recorded.



Bronze vessel from fourth century B.C. China.

In the middle of his constant hunt for major works, whether landscape with a ferry dating from Salomon van Ruysdael's vintage year, 1649, or one of the masterpieces by Anthony Palamedes showing the inside of a huge imaginary church in the Northern baroque manner, Robert Noorman of Maastricht and London found time to look at a small and exquisite still life with two roses on a marble tablet signed and dated 1666 by the rare German artist Ottmar Elliger. Two butterflies rest on the flowers. Underneath the tablet the head of an angel, which supports it like some bracket, smiles with delight into the darkness.

THE recipe for success probably lies in the balance achieved between novelties, including many in approachable price brackets (everything is relative) and a strong contingent of important works. Here, the dealers beat an auction by far, even if in some cases they do so by creaming the best of auctions. Johnny Van Haeften of London shows a beautiful portrait of a boy by Michiel Sweerts that he bought at Christie's New York sale on Jan. 29.

He also brought along the unique portrait of a black man in fancy Middle Eastern court attire looking out of an oval window by Bartolomeus Maton, which could be seen a day later in Sotheby's New York sale.

Otto Naumann of New York did not hesitate to bring over the important "Gold Weigher" by Cornelis de Man, which he and Alfred Bader acquired in that sale. In many cases, careful cleaning or additional research shows the work in a new light, literally and metaphorically.

Martin Zimet, the chairman of French & Company of New York who bought a portrait of Titian a while ago, commissioned a U.S. art historian and Fulbright scholar, Frederick Ichnman, to do some research on the picture. He has now unearthed conclusive evidence that the sitter is Francesco Duodo, the man who commanded the Venetian fleet at the battle of Lepanto in 1571 when Western Europe defeated Turkey.

Dealers are right to do so. Added to their wealth from other sources, they offer visitors the equivalent of three or four superlative auctions. In some fields, they alone hold the high ground. Fritz Payer of Zurich puts together a show of German silver-gilt vessels that build up a small but princely Schatzkammer. No auction in recent times gets anywhere close.

Clemens van der Ven of 's-Hertogenbosch covers a span of Chinese art with a string of rarities — from a Han pottery vessel with a tree rising from the center, birds on the boughs and archers taking their aim at them, to a dated iron temple bell of the Ming period.

Again this is a kind of object that is never seen at auction. For dealers and buyers alike, fairs such as this are the answer to the problems posed by the increasing rarity of art. This is the way of the future.

A Tale of an Unknown Mannerist

By Roderick Conway Morris
International Herald Tribune

ROME — For art lovers, to be alive in the age of Michelangelo and Raphael was no doubt bliss, but to be a young Italian artist, very near heaven. The problem for the coming generation of practitioners was where to go from there.

For eager disciples of the titans the tendency was to follow the directions indicated by these High Renaissance masters through to their logical conclusions. This gave rise to that exaggeration and elongation of form, particularly of the nude, that boldness of color, and deliberate oddity and exoticism of composition that has come to be called, in the present century, Mannerism.

The term Mannerism ultimately derives from "maniera," as copiously and imprecisely used in a multitude of contexts by Giorgio Vasari in his epochal "The Lives of the Artists," published in an enlarged edition, in which Salvatiore appears, in 1568. For Vasari the work of none of his contemporaries represented "la bella maniera" — everything that was accomplished, studied, graceful, stylish and beautiful in art according to the "mannerist" tastes of the times — better than that of his childhood and lifelong friend, Francesco Salviati.

Vasari, in his account of Salviati, offers a warts-and-all portrait of his friend — an exceptionally obstreperous and quarrelsome character even by the elevated standards of bad behavior achieved by some other artists of that period — but champions him wholeheartedly as an artist. This was not enough to gain for Salviati the posthumous reputations secured by, for example, Pontorno, Rosso and Parmigianino.

Thus, "Francesco Salviati, or La Bella Maniera" is the first exhibition to be devoted entirely to this artist. The show, hosted by the Accademia di Francia at the Villa Medici (until March 29), travels on to the Louvre (April 30-June 29), which, thanks to a royal acquisition in the late 17th century, has the most extensive single collection of Salviati drawings.

Drawing was not only the absolute bedrock of every endeavor in the



Salviati's "Portrait of a Young Man With Doe."

Florentine artistic world into which Salviati was born in 1510, but had won the status of an art form in itself. Indeed, Vasari at one point declares a drawing of Salviati "the best and truly the rarest thing" he ever did. The show's 50 drawings from the Louvre, supplemented by others from far-flung collections, including 18 new attributions, confirm Salviati as a front-ranker in this medium.

His portraits, too, reveal enormous skill, a perceptive eye and an arresting realism, blended with the arcane symbolic props beloved of his era.

The artist's striking and distinctive works in other media — from designs for tapestries, metalwork and book illustrations — are also well represented, along with his religious, mythological and allegorical oils.

Of Salviati's major frescoes, only those in the Audience Chamber of the Palazzo Vecchio in Florence are generally easily accessible, a situation that has prevented Salviati from being as appreciated as he might be. Two Roman cycles — at Palazzo Farnese, now the French Embassy, and at Palazzo Sacchetti on Via Giulia — mark the acme of that adventurous composition, elegance com-

bined with vigor, and "most capricious and ingenious invention," which Vasari so praised in his sometimes rival and friend.

The daring conception and teeming complexity of these frescoes, with their brilliant trompe l'oeil architecture, wonderful color, and series of elaborately framed scenes, amid riots of figures, vegetation and exuberant decoration, create an impression of simultaneous, multiscene action, impossible to take in at a single glance. Palazzo Farnese, Palazzo Sacchetti, and the three other Roman interiors with Salviati frescoes can be visited on various days of the week for the duration of the Rome exhibition by pre-booking in the entry hall of the Villa Medici show.

Disillusioned by his fellow countrymen's failure more fully to appreciate his genius, Salviati early in 1556 took up an invitation to go to France. But the artist could not thereby leave his excessively abrasive character behind him and the experience merely fueled his paranoia, as

Vasari (in George Bull's translation) makes all too clear. "Francesco was never much liked in France, because he had a nature completely opposed to that of the men of that country; because there, just as happy and jovial men, who live free and easy lives and adore parties and banquets, are loved and cherished, so equally those who are by nature melancholy, abstemious, sickly, and morose, are, I do not say shunned, but less well liked and treated."

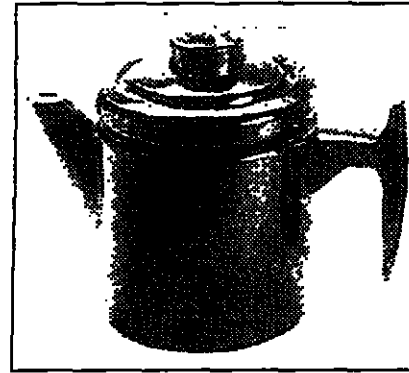
SALVIATI died a broken man in Rome in 1563, "a grievous and damaging loss to the art of painting," lamented by a small group of friends who, despite every-thing, never ceased to admire him and seemed genuinely fond of him.

In the end Salviati failed to scale those pinnacles which his abundant talents and dedication to his calling otherwise so well equipped him to conquer, above all perhaps because in an age where patronage meant everything he managed to alienate even his most long-suffering customers. And yet, as this important exhibition highlights, Salviati still left much for us to savor and enjoy.

Celebrating Modern Finnish Design

By Paula Deitz
New York Times Service

HELSINKI — While the frozen streets here glistened with new-fallen snow, the entrances to galleries and museums were aglitter with the same curvilinear glass vase filled with tulips. More than a harbinger of spring, the recurring vase evoked the spirit of its designer, Alvar Aalto, whose centenary this year is the cause for the festive mood here. Aalto is only one of many Finnish designers and architects whose works defined this country's Modernist sensibility. Streamlined, practical and durable, these designs are familiar in homes and offices all over the world. In addition to the Aalto vase, there are the ergonomically perfect Fiskars scissors, the Everyboy striped shirt made by Marimekko and the red enamel coffee pot designed by Antti Nurmesniemi.



Coffee pot by Antti Nurmesniemi.

The centerpiece of the recent events here is the reopening, after a major interior renovation, of the Museum of Art and Design. Situated in a Gothic-revival school building, the museum, which opened in 1873, is the oldest in Scan-

dinavia devoted to design. Its stores have grown rich enough not only to fill its own sleek showcases but also to make generous loans to the Bard Graduate Center in New York for its current exhibition, "Finnish Design: Utopian Ideals and Everyday Realities, 1930 to 1997."

Nothing has been overlooked here in Finnish design, not even a new model for the local tram nor the blue and gold wrapper for the popular Fazer chocolate bar. But no other designs evoke the snowy fields and forests of birch and pine that stretch to the horizon in this country better than Timo Sarpaneva's spooned candlestick or Tapio Wirkkala's drinking glass made in 1968 for Finland's first trans-Atlantic flight.

Blown into carved wooden molds, the glass surfaces resemble the rough ice of the winter landscape. The Wirkkala glass is known as Ultima Thule, after the mysterious Latin phrase for the remote northern reaches of Finland.

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MUSCART CHATELAIN

Liberal Party Leader's Resignation in Quebec Unsettles Canadian Politics

By Anthony DePalma
New York Times Service

TORONTO — A surprise resignation in Quebec unleashed political turmoil across Canada this week, raising questions about the country's oldest political party, the national fight for right-wing voters and the possibility of a third referendum on Quebec separation.

The extent to which the political landscape actually changes, however, depends in large measure on whether Jean Charest, one of the most popular politicians in Quebec, changes his mind about refusing to get involved.

But since Monday, newspapers, radio talk shows and television news programs throughout the country have been immersed in intense political speculation. It is one of the rare instances in Canada where both English and French news organizations have focused on the same issue.

As is often the case, the upheaval is centered on the French-speaking province of Quebec, where the leader of the anti-separatist Liberal Party,

Daniel Johnson, announced Monday that he was stepping down.

Mr. Johnson served briefly as Quebec's premier in 1994 before being soundly defeated by the separatist Parti Quebecois, which has held power since. He continued to lead the provincial Liberals, but was seen as uncharismatic and unable to capitalize on the separatist government's budget problems. He was often at odds with the federal Liberals, headed by Prime Minister Jean Chrétien.

Mr. Johnson's defeat in coming provincial elections was widely expected. That worried many Canadians because a strong victory by the separatists would have allowed Quebec's popular premier, Lucien Bouchard, to call a third referendum on Quebec's bid to separate from the rest of Canada.

Mr. Johnson, 53, acknowledged that he was not the man to stand up to Mr. Bouchard.

"It remains now, I believe, to breathe new life into my party," Mr. Johnson said in Quebec on Monday, "and a new leader can guarantee this new boost."

The collective sigh of relief after his resignation was so great that the floundering Canadian dollar enjoyed one of its strongest recoveries in weeks.

Immediately, speculation about who would replace Mr. Johnson turned to Mr. Charest, 39, a solid anti-separatist who nonetheless believes that the way to keep Quebec in Canada is to convince Quebecers that they are better off remaining instead of challenging their right to leave. He opposed Ottawa's decision to ask the Supreme Court of Canada to rule on the legality of Quebec's going it alone.

There is just one problem. Mr. Charest is the national leader of the Progressive Conservatives, and he said he does not intend to leave. The Conservative Party actually predates the formation of Canada in 1867 and has either held power or been in opposition until it was devastated by the public backlash against the Conservative prime minister Brian Mulroney in the 1993 election.

That year, the Conservatives went from a majority of 169 seats in Parliament to just two.

In elections last year, the party rebounded slightly and now controls 20 seats but has almost no power.

Nelson Wiseman, an associate professor of political science at the University of Toronto, said switching parties was not seen as a problem in Quebec. He pointed out that before becoming a separatist, Mr. Bouchard was a Conservative and served in Mr. Mulroney's cabinet, with Mr. Charest.

Positions are more important in Quebec than politics, Mr. Wiseman said.

"To be successful in Quebec, a politician has to be both a nationalist and a federalist," he said.

For many Canadians, Mr. Charest could not only defeat the separatists but would keep Canada united by preventing a third secession referendum.

On radio call-in programs across the country, Canadians urged Mr. Charest to enter the Quebec race for the good of Canada. The Globe and Mail reported Wednesday that a new poll showed Mr.

Charest would win if an election were held in Quebec now.

Mr. Bouchard said he would not call an election until after the Liberals hold their leadership convention, which is now expected to take place in late spring.

Mr. Charest was on a speaking tour in the west. His spokesman said he was declining all interviews. But after addressing a political-science class at Red Deer College, in Red Deer, Alberta, he said that although he had been humbled by all the attention, he did not intend to run for the Quebec leadership.

"The future of the country," he said, "isn't in the hands of a single person."

If Mr. Charest switches parties, the future of the Conservative Party is unclear. The Conservatives' assets now are essentially limited to Mr. Charest. In the last election, some of the Conservative Party's traditional voters switched to the rightist Reform Party, which won enough seats to become the official opposition in Parliament.

KOSOVO: Rebel Base Smashed, Serbs Say

Continued from Page 1



Ibrahim Rugova, a leader of the ethnic Albanians in Kosovo, speaking to the press Friday in Pristina.

agency in Geneva. "We are alarmed because we have seen it all before. We have seen it in Bosnia."

Since last week, the crackdown has claimed at least 51 lives: those of 45 ethnic Albanians and 6 Serbian police. There was no firm word on any casualties Friday or any independent verification of the Serbs' death count of 20 ethnic Albanians and 2 Serbs on Thursday.

Foreign Minister Klaus Kinkel of Germany urged an emergency meeting of the UN Security Council. But diplomats indicated that Russia's stand, backing Serbia's right to defend its territorial integrity, could limit UN efforts to stem the violence.

In neighboring Macedonia, tens of thousands of ethnic Albanians demonstrated in the capital, Skopje, and many thousands protested in the Albanian capital, Tirana. They called on world leaders to step in. Smaller rallies were held in Vienna, Geneva, Helsinki and Zurich.

Albania said it had put its army on high alert along the border with Kosovo, citing an increase in Serbian troops on the opposite side.

Foreign Secretary Robin Cook of Britain, who had been on a diplomatic mission to Belgrade, said in London the Contact Group of leading powers would meet Monday to decide "how to bring home" to President Slobodan Milosevic of Yugoslavia "the need for an immediate end to repressive action."

From Serbian checkpoints on Friday, detonations could be heard. An Albanian report claimed there were 50 deaths the previous day, with attacks Friday on family compounds, houses ablaze and random shooting by Serbs.

Serbian police pronounced the operation a success. In a statement issued via the Tanjug news agency, they said they had destroyed a "terrorist base" in the village of Donji Prekaz and "liquidated" Mr. Jasari.

They also said "more than 20" ethnic Albanians had been slain in the two-day



Part of a crowd of 20,000 people demonstrating in Skenderbeg Square, in Tirana, on Friday to protest the violent incidents in neighboring Kosovo Province. Albanian leaders have called for international intervention.

operation, without specifying how many were killed Friday.

Serbian television broadcast footage from Donji Prekaz showing a house, apparently Mr. Jasari's, with big grenade holes and virtually destroyed. Two bodies, apparently of ethnic Albanians, were lying on the ground with rifles beside them, ammunition all around.

Serbian police, who declined to be identified, said the offensive would be wrapped up by Sunday.

Ethnic Albanian officials contended the police were busily in heavy reinforcements for the attacks, apparently focused on Donji Prekaz and the neighboring village of Llausha.

Policemen turning back reporters at a roadblock outside the Drenica area, about 30 kilometers (20 miles) west of Pristina, portrayed the crackdown as retaliatory and targeting militants only. Phones to the area have been disconnected, making it impossible to contact residents.

The anti-terrorist action is in progress, and the area is off-limits, a policeman said.

Nervous residents of Pristina were crowding shops and gas stations to stockpile staples, fearing civil war.

Serbian authorities say they are trying to suppress the Kosovo Liberation Army, which advocates an armed

struggle for independence for Kosovo, where ethnic Albanians outnumber Serbs, 9 to 1. Mr. Milosevic, who took away Kosovo's autonomy while still Serbian president in 1989, has refused to budge from his position that Kosovo is an internal matter for Yugoslavia.

Ibrahim Rugova, a leader of the ethnic Albanians, said Friday the main Serbian goal was to "make Albanians flee their country or accept the Serb rule and give up their demands. We consider this state terrorism."

"Ethnic-cleansing schemes are the same as those applied in Bosnia and Croatia," he said. "Drenica is another Bosnia." (AP, Reuters)

Angry Kohl Warns Coalition Partners On Breaking Ranks

Reuters

BONN — Chancellor Helmut Kohl of Germany issued a blunt warning Friday to the Free Democrats, his junior coalition partners, that they will not be allowed to break ranks and vote against the government again.

In his first public remarks since a parliamentary setback on Thursday, when nine Free Democrat deputies voted with the opposition, Mr. Kohl said the party's leaders were aware that they could not afford to vote against the coalition a second time.

"This course of events cannot happen in this form again," Mr. Kohl said in an interview with ZDF television. "I say that soberly and to be quite clear. The FDP leadership knows that as well."

The chancellor, who was reportedly furious about the defeat in a closed-door emergency meeting of his Christian Democratic Union, was not specific about the consequences in his brief television remarks.

Many officials in the Christian Democratic Union and the Bavarian sister party, the Christian Social Union, have said that fanning discipline in the coalition could lead to the breakup of the government. The center-right coalition has just a 12-seat majority in the 672-seat Parliament.

The vote marked the first time in Mr. Kohl's 16 years in power that he had lost a bill in Parliament. Conservative allies in the coalition earlier sharply criticized the rebellion by liberal coalition partners, saying that it had hurt Mr. Kohl's re-election chances.

The vote came on an electronic bug-billing bill, part of an anti-crime drive that the Christian Democrats want to be a feature in the general election in September.

Mr. Kohl has slumped in recent opinion polls.

New Testimony From Bodyguard In Diana Crash

Reuters

PARIS — Trevor Rees Jones, the British bodyguard who survived the car crash that killed Diana, Princess of Wales, met a French judge investigating the case on Friday to recount recent flashbacks about the fatal drive.

Mr. Rees Jones, bodyguard for Dodi al Fayed, Diana's companion who was also killed in the August crash, had no recollection of the drama when Judge Herve Stephan last questioned him and was originally due to come back on March 16 for another meeting.

But Judge Stephan brought forward the hearing after Mr. Rees Jones, who was badly injured in the crash, told the British newspaper *The Mirror* he now remembered some details of the Aug. 31 crash. Judge Stephan, who takes evidence behind closed doors, will also hear Dodi's father, Mohamed al Fayed, who recently blamed a conspiracy for the deaths of his son and Diana, according to Georges Kiejman, Mr. al Fayed's lawyer.

Mr. Kiejman said Judge Stephan would hear Mr. al Fayed, the owner of the Harrods department store in London, as a civil plaintiff next Thursday.

Recent interviews have added new elements to the investigation. Mr. Rees Jones has told *The Mirror* that Diana called out for Dodi al Fayed moments after the crash. Mr. al Fayed was killed outright.

He also said she had urged the driver, Henri Paul, to go faster to escape photographers, whose motorbikes Mr. Rees Jones said were in front of the car.

Judge Stephan is investigating nine photographers and a press motorcycle driver on suspicion that they chased Diana's car and contributed to the crash.

French investigators blame the crash on excessive speed and alcohol. They say Mr. Paul was driving at very high speed and with a level of alcohol in his blood that exceeded legal limits. Mr. Paul also died in the crash.

LOTTERY: Greenhouse Grows in Wales

Continued from Page 1

million renovation and roofing of the Great Court of the British Museum, the building of a £130 million Tate Gallery of Modern Art in an abandoned power station on the south bank of the Thames River, and the construction of a pedestrian bridge to link the gallery to the City of London.

The gallery is to be a long-overdue rival to the Pompidou Center in Paris or New York's Museum of Modern Art that will serve as "a showcase for contemporary British artists and a catalyst for visits to London," said the Tate's director, Nicholas Serota.

The commission is funding the construction of a number of science and technology centers, including a genetic research center in Newcastle, a space-science center in Leicester and an information technology-based educational center in Birmingham.

In addition to the Welsh botanical gardens, lottery money is helping to build the Eden Project, a £74 million chain of geodesic domes in rural Cornwall that is being billed as the largest greenhouse in the world. The project director, Tim Smit, says he hopes the striking design in a huge, abandoned china clay pit will attract 750,000 visitors a year.

The commission is also supporting major urban renovation projects in Shef-

field, Belfast, Bristol and Portsmouth; the restoration of dozens of town halls in smaller communities; the creation of a network of bells in 100 churches to ring in the millennium; and the establishment of a 3,000 mile national network of bicycle paths.

For a country that ranks No. 5 in global tourism revenue, there is a lot at stake here. The millennium projects are in some ways a mortar-and-brick embodiment of the "Cool Britannia" image of cultural hipness that people like Mr. Quayle believe will be crucial to maintaining the influx of foreign visitors in coming decades.

Whether the projects add up to a wealth of diversity or a cultural welter is open to debate. There is certainly no single driving force like Prince Albert, whose personal vision of public works for public enlightenment largely inspired the building of those 19th century museums.

"The Victorians were very gutsy, they had a strong moral sense about what was good for people," said Spencer de Grey, the Foster partner who is leading the Botanic Gardens of Wales project.

"That doesn't come by committee," Mike O'Connor, the policy director of the Millennium Commission, rejects any negative comparisons. The projects were chosen from thousands of competing proposals rather than any top-down plan. As such, he said, they reflect British values and ambitions for the next



An artist's impression of how the Welsh botanical garden will appear.

century: a strong attachment to the arts, a desire for greater public understanding of science and technology, and a keen interest in sustainable development.

"Future generations will look back to these projects and they will see them as the aspirations of our generation," Mr. O'Connor said.

Just how long Britons will look back on the millennium projects will depend as much on economic criteria as aesthetic ones. The commission is funding no more than 50 percent of any project, a ceiling that has forced planners to seek matching funds from local and European development agencies, corporations and individuals. With public-sector budgets tight and private philanthropy modest, there's no guarantee of success.

The Earth Center, an environmental research and exhibition complex in Doncaster, is developing only a 26-acre core of its 400-acre site because it has match-

ing funds for just £40 million of the £100 million project. At Eden, which is still seeking £10 million, Mr. Smit said he would like to sign up some American corporate sponsors.

In Wales, the self-sustainable ethos of the botanical gardens is being extended to financing as well as the environment. Construction is to take place in three phases as funding becomes available.

Each building is supposed to be financially self-sufficient, Mr. Smit said. That may mean putting a roof over the courtyard by the stables to accommodate concerts or corporate functions. The gardens also plan to sell plants and seeds, on site and abroad, through partnerships with botanical gardens in as many as 40 countries.

Sounding more like a businessman than a botanist, Mr. Smit says, "We must provide services to our customers."

JOBS: Robust U.S. Growth

Continued from Page 1

temporary-help agencies, 52,000 jobs; computer and data processing, 20,000; health services, 25,000; government, 36,000; and transportation, 34,000, mostly at airlines and trucking concerns.

Retailing added a relatively moderate 15,000 jobs and payrolls declined by 2,000 jobs in both mining and manufacturing. It was the first drop in manufacturing in five months and may reflect reduced import demand for Asian countries suffering from financial instability.

"Everybody should be happy," said Diane Swonk, deputy chief economist at First Chicago, NBD. "It's a nice surprise that the economy can stay so balanced with continuing strong employment."

But some analysts said the fall in manufacturing jobs was a sign that Asia's crisis was cooling the U.S. economy. "Asia's beginning to filter through," said Cynthia Latta, an economist at DRI, McGraw Hill in Lexington, Massachusetts. "First to go is the orders; we saw that the last two months. And then you cut back production."

Overall though, the Asian crisis seems to have helped the American job market by pushing interest rates down. The percentage of adults with jobs — 64.2 percent — remained at an all-time high. (AP, Reuters, Bloomberg)

DEAL: U.S.-Ukraine Deal Will Deny Nuclear Technology to Iran

Continued from Page 1

possibility of new investment and the potential for commercial space launches compensated for the loss of the turbine sale, which he said would have brought Kiev \$45 million.

In any event, he said, Ukraine had so far "produced only documents" on this project, and Russia could make the turbines itself, which Mr. Mikhailov has said.

But senior American officials said that a St. Petersburg company that could produce the specialized turbines would need significant retooling to do so, which would result in considerable delays.

Under the agreement, Ukraine can buy nuclear fuel from American sources — reducing its dependence on Russia — and such American companies as Westinghouse can bid on a \$1.2 billion contract to complete two unfinished, Soviet-era nuclear reactors in Ukraine.

About half of Ukraine's energy comes from nuclear reactors, and Kiev wants to diversify its sources. Similarly, Ukraine is dependent on Russia for natural-gas supplies and already owes Moscow more than \$1 billion for energy.

One of the reasons the Ukrainians hesitated to cancel the project was the pressure for jobs in a politically important

region, where Mr. Kuchma ran a missile factory in the days of the Soviet Union.

Washington will send experts to Kharkiv, where the turbines were to have been manufactured, to look into the production capabilities for new foreign investment. It also will design small-business credit programs and provide up to \$6 million for a science and technology center to support Ukrainian scientists. That would represent more than half the money Kiev is now devoting to research and development.

American officials said they would also help AOA Turbotom, which lost out on the deal. The company makes high quality turbines for nonnuclear uses, and the agreement stipulates that Washington will help find buyers of the company's products in the West.

The key benefit Washington offered was \$225 million a year in aid. Ukraine is the third-largest recipient of U.S. foreign aid, after Israel and Egypt.

"The nuclear issue has strained relations between Washington and Kiev for more than a year, with Ukrainian officials saying that they felt torn between the demands of Moscow and Washington."

Just last week, Mr. Kuchma became the first leader of a former Soviet republic to be received in Moscow on a

state visit. Mr. Kuchma, who has helped reduce Russian nationalism in Ukraine, was criticized by Ukrainian nationalists for kowtowing to Moscow. Now, with parliamentary elections this month, he could appear to be kowtowing to the United States, so American officials said that Ukraine was reluctant to publicize the turbine agreement.

But Mr. Udovenko, the foreign minister, announced the agreement unbidden, and Mr. Kuchma said his decision was made in Ukraine's national interest.

Mr. Kuchma also said Ukraine wanted, with U.S. backing, to join the Missile Technology Control Regime, which bans exports of missile technology or missiles that can deliver a payload of 500 kilograms more than 300 kilometers.

Ukraine is dismantling all its strategic and medium-range missiles, but still has about 230 Scuds that come under the regime, even though all nuclear warheads have been removed.

Washington has worried that Ukraine might sell the missiles or its technology, but Mr. Kuchma said Friday that he would not do so, and that joining the control regime "removes all limitations on Ukraine entering the space market."

Ukraine can use its advanced SS-18 ballistic missiles to launch satellites.

The Post Chooses Managing Editor

The Associated Press

WASHINGTON — Steve Coll, a former foreign correspondent who is now editor and publisher of *The Washington Post Sunday* magazine, will become the newspaper's managing editor, the executive editor, Leonard Downie Jr., announced Friday.

Mr. Coll, 39, will succeed Robert Kaiser, who is stepping down to resume writing and reporting responsibilities.

In a letter to *The Post's* staff, Mr. Downie said Mr. Coll would assume his new duties on June 29. Mr. Coll has worked on *The Post's* Style section and served as Wall Street correspondent for business and as a foreign correspondent in South Asia. He also served as an investigative reporter in London.

"An accomplished reporter, writer and editor with strong management and people skills. Steve has the vision, intellect and talent to help lead the newspaper into a future of continued challenge, change and opportunity," Mr. Downie said.

Rights Body Takes Up Plea by Toddler's Killers

Agence France-Presse

STRASBOURG — The European Human Rights Commission said Friday it would consider motions from two British boys sentenced to open-ended jail terms for murdering 2-year-old James Bulger in 1993.

Lawyers for the pair, who were 11 at the time of their conviction in 1993, said the boys' trial in an adult court, amid widespread media coverage, constituted "inhuman and degrading treatment or punishment," contrary to the Convention on Human Rights.

According to a statement released by the commission, the lawyers said their clients, Jon Venables and Robert Thompson, had been traumatized by a trial that they did not understand.

The Human Rights Commission said Friday that it would try to reach a friendly settlement on possible damages to the boys.

The youths lured the toddler from a Liverpool shopping mall, bludgeoned him to death and left his body beside a railroad line. The killing shocked Britain, reopening a debate on juvenile crime.

Accident Halts Au Pair Hearing in Boston

The Associated Press

BOSTON — A hearing in the case of the British au pair Louise Woodward was postponed Friday after an electrical explosion that injured at least five people at the courthouse.

A transformer exploded just before the state's highest court was scheduled to consider whether Ms. Woodward should be put back behind bars or allowed to return home.

Ms. Woodward, lawyers from both sides and journalists were in the 14th-

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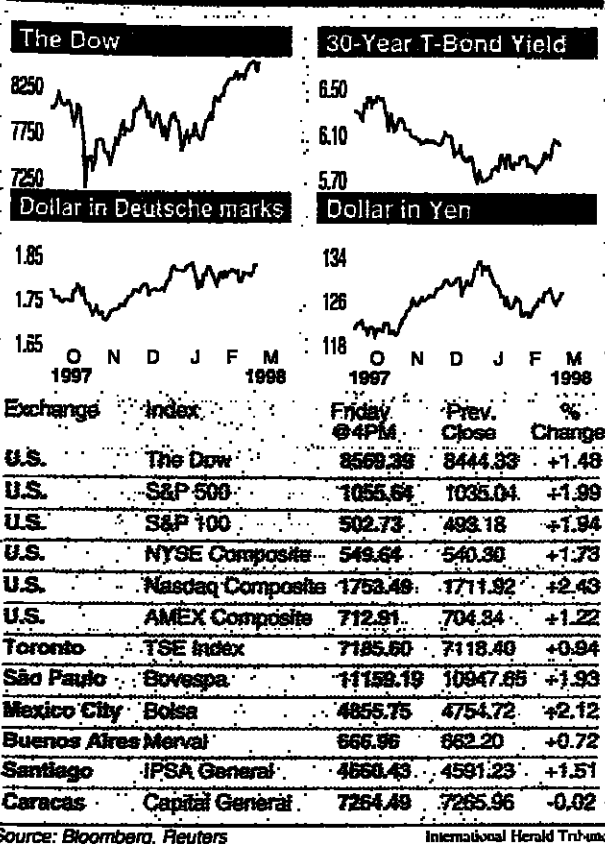
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CURRENCY

| Currency | Rate | Change |
|-------------------|--------|--------|
| Australian dollar | 1.54 | 0.01 |
| Canadian dollar | 0.71 | 0.01 |
| French franc | 166.35 | 0.01 |
| German mark | 1.36 | 0.01 |
| Italian lira | 1,936 | 0.01 |
| Japanese yen | 146.35 | 0.01 |
| Swiss franc | 1.50 | 0.01 |
| U.S. dollar | 1.00 | 0.00 |

THE AMERICAS

Investor's America



Dollar Falls Amid Talk of Bank Selling

NEW YORK — The dollar was lower against the Deutsche mark late Friday amid rumors of dollar sales by central banks, but the U.S. currency rose for a fourth day against the yen after a report showed the U.S. economy added more jobs than expected last month.

The dollar was quoted at 4 P.M. at 1.8334 Deutsche marks, down from 1.8348 DM on Thursday. It was at 127.825 yen, up from 127.745 yen. The dollar fell to 6.1480 French francs from 6.1522 francs, and declined to 1.4910 Swiss francs from 1.4930 francs.

FOREIGN EXCHANGE

The dollar fell sharply against the mark Thursday after indications from a Bundesbank official that German interest rates could drop before 1999.

On Friday, rumors of central bank sales continued the trend, although Chris Iggo, an economist with Barclays Capital, said the sales were normal bank operations.

Mr. Iggo predicted the dollar would move between 1.8050 DM and 1.8400 DM in the short term. "It's going to need something pretty special to push it out of this range," he said.

A Bundesbank spokesman refused to comment on the reports. Gerry Celaya, an analyst at American Express Bank in London, said: "I don't think it's in anyone's interest to cap the dollar. The Bundesbank wouldn't be selling dollars for policy reasons" unless the dollar were above 1.85 DM, he said.

Last week, Edgar Meister, a Bundesbank council member, said an acceptable dollar level was 1.76 DM to 1.84 DM.

The dollar is also expected to hit the 128.50 yen level before the end of the Japanese fiscal year March 31.

A U.S. Labor Department report showed the economy is picking up pace and generated talk that the Federal Reserve Board may raise interest rates before long to keep inflation in check.

"The employment numbers leave the dollar in good stead," said Chris Widness, an international economist at Chase Manhattan Bank. "They were on the strong side of expectations and imply the winds of the U.S. economy may be blowing strong enough to push the Fed toward a rate increase."

The markets promptly rebounded when the Fed denied the rumors. "Let me assure you he is alive and well," said Joseph Coyne, a Fed spokesman. "Today is his 72nd birthday and he has a full schedule."

Mr. Greenspan's wife, the NBC correspondent Andrea Mitchell, knocked down the rumor as well, calling the Don Imus radio program to joke with the show's irreverent host about her husband's health. "Did the markets go up or down?" she wanted to know, telling Mr. Imus that her husband was making plans for his birthday.

Those plans included a tradition of having lunch with two other prominent Washingtonians who share the same birthday—Senator Christopher Bond, Republican of Missouri, and a former FBI director, William Webster.

Marvel in Trouble! A Case for Financemancer

Compiled by Our Staff From Dispatches

NEW YORK — Marvel Entertainment Group Inc. said Friday it would take a fourth-quarter, noncash charge of \$115 million to \$145 million and report a loss of as much as \$205 million for the period because of poor demand for its trading-card and sticker products.

The company also said it had only enough capital to fund operations through the third quarter.

Marvel, a diversified comic-book publisher that has more than 3,000 proprietary characters, including Spider-Man and the Incredible Hulk, said the preliminary results of its quarter ended Dec. 31 had not been audited yet, and the estimated loss range could change based on the results of the audit.

A federal court in Delaware is still considering different reorganization plans for the troubled company, which sought protection from creditors in 1996.

Marvel got into financial trouble when interest in trading cards and comic books waned after enjoying terrific growth in the late 1980s and early 1990s. The company posted a loss of \$436.5 million in the fourth quarter of 1996.

The financier Ronald Perleman controlled the company at the time it asked for bankruptcy protection, in December 1996, but bondholders, led by the corporate raider Carl Icahn, ousted Mr. Perleman last year. Mr. Icahn and Marvel's lenders have battled for control of the company ever since.

Under one plan, Marvel would merge with Toy Biz Inc. Marvel owns about 27 percent of Toy Biz stock, although the toymaker is not included in the Chapter 11 proceedings.

Hearings on the Toy Biz plan are scheduled for May in U.S. District Court in Delaware. Marvel said it had received preliminary indications that other companies might be interested in some or all of its assets.

In addition, Chase Manhattan Corp. has told the company it is willing to lead a syndicate to make loans to Marvel, subject to certain conditions, Marvel said.

Operating losses for the trading card and sticker businesses widened during the fourth quarter because of slack demand and weak performance of various entertainment properties and adverse licensing arrangements, Marvel said, adding it is trying to renegotiate the licenses.

Marvel said it narrowed operating losses in its publishing and licensing operations from the previous quarter. For the full year, Marvel said it expected to post a loss of \$265 to \$305 million.

Marvel also said the New York Stock Exchange is reviewing whether to continue listing its stock. Marvel shares, which did not trade Friday, closed Thursday at 81 cents.

(Bloomberg, Reuters, AP)

WARNINGS: Stocks Rise Despite Hints of Lower Profit at Technology Leaders

Continued from Page 11

hardest-hit by the financial meltdown in Asia late last year, were Intel Corp., which fell 13 percent Thursday after warning of disappointing first-quarter profits, was the most-active stock in U.S. trading. Dell Computer Corp. also gained after falling 7 points Thursday.

Investors, recalling how quickly stocks rebounded from their October rout, did not appear to take the profit warnings as signs of a major market slide.

"People who remember the sell-off we had only four months ago are saying, 'I don't want to miss the next big move,'" said Richard Wallman, a technology fund manager at Dreyfus Corp.

Drug shares rose after the Swedish drugmaker Astra AB said it wanted to merge with another drug-maker of similar size as its patents for the world's best-selling prescription

medication, Losec ulcer treatment, begin to expire in 2001.

The Swedish company, which has a market value of about \$33 billion, said that while it was not yet in talks with anyone, it was seeking a partner among such companies as Zeneca Group PLC, Schering-Plough Corp. and Bayer AG.

U.S. STOCKS

Astra's American depositary receipts rose, as did those of Glaxo Wellcome PLC and SmithKline Beecham PLC on speculation that Glaxo will make a takeover bid for SmithKline. The two companies ended merger talks Feb. 24 after failing to agree on who would run the combined company.

Other drugmakers also gained, with shares of Eli Lilly & Co. and Schering-Plough Corp. sharply higher. "People are running to places that feel safe and drugs are a safe vehicle," said Ronald Stribley,

senior vice president and portfolio manager at Anchor Capital Advisors Inc. in Boston, which oversees \$800 million.

Airlines were among the biggest percentage gainers in the S&P 500, after falling Thursday, when UAL Corp.'s United Airlines Inc. said February traffic fell because of a decline in Asia travel.

Analysts said the extent of the impact on airlines was overblown, because UAL said it would still meet earnings estimates. "Intel and United took them down yesterday and are bringing them up today, because the news broadcasts misrepresented the situation," said Steven Lewins, an analyst at Gruntal and Co.

Low interest rates and fuel prices are also seen helping airlines. UAL rose Friday after falling 3.05 percent Thursday. Many of the airlines driven down in the sell-off have no Asian exposure, like Southwest Airlines, which rose Friday after falling

1.28 percent Thursday.

Columbia/HCA Healthcare Corp. rose after the largest U.S. hospital chain said its first-quarter earnings per share from continuing operations would be in the high end of analyst estimates.

Wal-Mart Stores shares rose after the discount retailer said it would buy back an additional \$1.6 billion in stock, bringing the total to \$2 billion, as its shares reached a 52-week high. The company is also increasing its quarterly dividend 14 percent, to 7.75 cents from 6.75 cents.

Lucent Technologies Inc. rose after it said its share of the global telecommunications-equipment market would increase as it focused on fast-growing segments such as wireless and data.

PRT Group Inc. lost nearly half its value after the information-technology consulting company warned of a first-quarter loss because of customer delays in starting new projects, such as Year 2000 modifications for computer systems.

Stocks gained with bonds, which rose even after the jobs report. Analysts said that while the figures suggested that Asia's slowing economies were not yet curbing U.S. growth, Motorola's warning reinforced expectations that competition from companies in Asia might help keep U.S. inflation in check, allowing the Federal Reserve Board to forgo raising interest rates.

The benchmark 30-year Treasury bond was up 17/32 at 101 13/32, pushing the yield down to 6.02 percent from 6.05 percent Thursday.

(AP, Bloomberg, NYT)

Very briefly:

• Cyan Inc.'s co-founder, Robyn Miller, is leaving the company to start a film production company. He co-created the best-selling computer game Myst and its sequel, Riven.

• Circus Circus Enterprises Inc. shares rose sharply after a Las Vegas newspaper reported the casino owner had recently held merger talks with Hilton Hotels Corp. Both companies declined comment.

• UAL Corp., the parent of United Airlines Inc., has spent about \$4 million as of Dec. 31 in preparations to avoid computer glitches expected to arise at the turn of the century. In a Securities and Exchange Commission filing, UAL estimated that fixing the glitch would cost about \$15 million.

• Arthur Andersen will try to overturn a jury verdict ordering it to pay DeLorean Motor Co. creditors as much as \$112 million for failing to reveal illegal accounting practices at the defunct carmaker.

• The Recording Industry Association of America said piracy cost the \$12 billion U.S. music industry an estimated \$300 million in lost sales in 1997, unchanged from last year. It also noted that music pirates now favor compact disks and the Internet over cassettes.

• Oracle Corp. is considering buying Netscape Communications Corp. if its share price falls far enough, Nihon Keizai Shimbun quoted Oracle's president as saying. Netscape shares, which reached \$43.87 last August, closed Friday at \$19.125.

• Kaufmann Fund managers are in talks to sell control of their mutual fund for as much as \$450 million, sources said.

• The U.S. Treasury Department has sent out 11.7 percent more in tax refunds so far this year, providing a potential boost to the U.S. economy in the first quarter. The Internal Revenue Service has sent \$36.84 billion in refunds through Feb. 27.

• R.M. Taylor Co., a bankrupt company, won a \$21.5 million jury verdict against General Motors Corp. after the carmaker refused to pay it for installing assembly lines at various plants.

(AP, Bloomberg, Reuters)

AMEX

Friday's 4 P.M. Close

The 300 most traded stocks of the day, up or down on the closing on Wall Street.

The Associated Press

| Stock | Price | High | Low | Change |
|------------------|--------|--------|--------|--------|
| IBM | 125.00 | 125.00 | 125.00 | 0.00 |
| Microsoft | 45.00 | 45.00 | 45.00 | 0.00 |
| Apple | 35.00 | 35.00 | 35.00 | 0.00 |
| Oracle | 20.00 | 20.00 | 20.00 | 0.00 |
| Northern Telecom | 15.00 | 15.00 | 15.00 | 0.00 |
| WorldCom | 12.00 | 12.00 | 12.00 | 0.00 |
| Verizon | 10.00 | 10.00 | 10.00 | 0.00 |
| AT&T | 8.00 | 8.00 | 8.00 | 0.00 |
| Qwest | 7.00 | 7.00 | 7.00 | 0.00 |
| Sprint | 6.00 | 6.00 | 6.00 | 0.00 |
| Time Warner | 5.00 | 5.00 | 5.00 | 0.00 |
| News Corp. | 4.00 | 4.00 | 4.00 | 0.00 |
| Disney | 3.00 | 3.00 | 3.00 | 0.00 |
| Amgen | 2.00 | 2.00 | 2.00 | 0.00 |
| Genentech | 1.00 | 1.00 | 1.00 | 0.00 |
| Novartis | 0.50 | 0.50 | 0.50 | 0.00 |
| Roche | 0.25 | 0.25 | 0.25 | 0.00 |
| Schering-Plough | 0.10 | 0.10 | 0.10 | 0.00 |
| Glaxo | 0.05 | 0.05 | 0.05 | 0.00 |
| SmithKline | 0.02 | 0.02 | 0.02 | 0.00 |
| Beecham | 0.01 | 0.01 | 0.01 | 0.00 |
| Boehringer | 0.00 | 0.00 | 0.00 | 0.00 |
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Pearson Sells Mindscape, Taking Big Loss

By Tom Buerkle
International Herald Tribune

LONDON — Biting the bullet on one of its costliest diversifications, Pearson PLC said Friday that it was selling its software publishing arm Mindscape Inc. and taking a large loss.

The size of the loss — \$212 million (\$347 million) — was eye-popping for a business that Pearson acquired less than four years ago, but investors and analysts cheered the move nonetheless.

Coming on the heels of several recent divestments, the latest sale signaled that the company's chief executive, Marjorie Scardino, was delivering on promises to transform the sprawling British media conglomerate into a more focused, and more profitable, company.

"They're trying to focus on a couple of businesses that have size and a market leadership position," said Meg Geldens, a media analyst at Merrill Lynch & Co. Those businesses include the Financial Times

newspaper, Penguin Books, textbook publishing and television.

Mrs. Scardino "really is following through," Ms. Geldens said. The sale heightened speculation that Pearson would unload other peripheral interests, such as its youth-oriented consumer magazines and its 4.3 percent stake in the BSkyB satellite broadcasting group.

Simon & Schuster, the U.S. publishing company that is being put up for auction by Viacom Inc.

"Future disposals are bound to happen," said Michael Hilton, an analyst at Dresner Kleinwort Benson. "The pace of change is accelerating in the group."

Pearson paid \$503 million to acquire Mindscape in 1994, believing that its CD-ROM titles and video games were the wave of the future. Instead, the division generated losses of \$53 million in 1997 and 1996, before showing a \$2.7 million profit last year. The company is selling Mindscape to The Learning Co. for \$150 million.

Mrs. Scardino, an American who took over as chief executive last year after generating strong growth at Pearson's The Economist magazine, has set a goal of doubling the company's market capitalization by focusing on businesses where Pearson can be No. 1 or No. 2.

The company has made divestitures worth more than \$500 million since last summer, including its FT Law and Tax publications to the Canadian publisher Thomson Co. this week for \$70 million and its 6.3 percent stake in the Luxembourg-based satellite group SES for \$160 million last month.

At the same time, Pearson bolstered its television interests by buying All American Communications Inc., producer of "Baywatch" and "The Price Is Right," for \$509 million. The company also is investing \$165 million in a drive to triple the U.S. circulation of its flagship newspaper, the Financial Times.

Simon & Schuster would be a much bigger mouthful, carrying an estimated price tag of at least \$4

billion. Its main attraction are its educational divisions, which rank first in university publishing and second in school textbooks.

The combination with Pearson's Addison Wesley Longman, a leader in English-language teaching materials, would give the company a dominant position in educational publishing. But Pearson is expected to face tough competition from other publishers and from Simon & Schuster executives, who are trying to arrange a management buyout, analysts said.

With Pearson due to report 1997 earnings in 10 days, executives did not discuss broader strategy Friday. But insiders make no secret of the fact that the company is seeking a buyer for Pearson New Entertainment, a publisher of magazines and on-line information for "boys of all ages." Analysts think it could fetch \$150 million.

Pearson's BSkyB stake may be worth \$250 million.

Pearson shares rose 24 pence to close at 943 pence Friday.

Incentive AB To Merge With Gambro Group

Compiled by Our Staff From Dispatches

STOCKHOLM — Incentive AB, the Swedish holding company that is part of the Wallenberg financial empire, said Friday it would become a purely medical company through a merger of operations with the Gambro pharmaceutical group that it owns and whose name it will take.

The announcement came as Incentive said fourth-quarter profit more than tripled to 1.74 billion kronor (\$217.9 million), and it announced a five-for-one stock split.

The change, effective July 1, means that the holding company Incentive AB will now become the main investment vehicle of the Wallenberg empire.

"From having been a dispersed conglomerate, the group has developed into a focused, globally leading medical technology company," the chief executive, Mikael Liljus, said.

Incentive also plans to list its shares in the U.S. markets.

The move brings to an end one of the largest restructuring programs undertaken in Swedish industry during the 1990s. Incentive has boosted its stock by selling wholly owned industrial units that were difficult to value. The proceeds have helped finance such acquisitions as last year's \$1.5 billion purchase of Vivra Inc., which made Incentive the second-largest operator of dialysis clinics in the United States behind Fresenius AG.

The new Gambro group aims to take a leading market position in the field of dialysis products and care, cardiopulmonary care and blood component technology.

Pretax profit tripled in 1997 to 13.9 billion kronor, which includes a nonrecurring gain of 12.9 billion kronor. Incentive's sales rose 28 percent to 19.4 billion kronor in 1997. The board proposed a dividend of 10 kronor a share for 1997, unchanged from 1996.

In addition, Incentive said Claes Dahlback will succeed Anders Scharp as chairman. Mr. Dahlback is currently chief executive of Incentive, chairman of Stora Kopparbergs Bergslags AB, a forestry company, and vice chairman of ABB Asea Brown Boveri Ltd.

Incentive shares rose 1 krona in Stockholm close Friday at 763 kronor. (AFP, Bloomberg, Reuters)

Investor's Europe

| Frankfurt DAX | London FTSE 100 Index | Paris CAC 40 |
|-------------------------|-----------------------|----------------|
| 4750 | 5800 | 5500 |
| 4500 | 5500 | 5275 |
| 4250 | 5300 | 5000 |
| 4000 | 5100 | 4825 |
| 3750 | 4900 | 4650 |
| 3500 | 4700 | 4475 |
| 1997 | 1997 | 1997 |
| 1998 | 1998 | 1998 |
| Exchange Index | Index | Index |
| Amsterdam AEX | 1,068.90 | 1,060.64 +2.86 |
| Brussels BEL 20 | 2,764.38 | 2,742.24 +2.92 |
| Frankfurt DAX | 4,745.95 | 4,622.41 +2.00 |
| Copenhagen Stock Market | 697.81 | 693.28 +0.65 |
| Helsinki HEX General | 4,067.09 | 4,030.60 +0.81 |
| Oslo OBX | 708.22 | 691.20 +2.17 |
| London FTSE 100 | 5,762.90 | 5,695.80 +1.53 |
| Madrid Stock Exchange | 801.35 | 779.24 +2.94 |
| Milan MIBITEL | 20,935 | 20,571 +1.77 |
| Paris CAC 40 | 3,493.22 | 3,395.80 +2.57 |
| Stockholm SX 15 | 3,693.42 | 3,626.69 +1.77 |
| Vienna ATX | 1,404.51 | 1,390.62 +0.98 |
| Zurich SPI | 4,467.74 | 4,387.11 +1.81 |

Source: Teletext International Herald Tribune

Very briefly:

- Aerospatiale posted a 75 percent rise in 1997 profit to 1.42 billion French francs (\$234 million) on sales of 56.3 billion francs, up 11 percent. The French state-owned company that is part of the Airbus Industrie consortium expects further growth on the back of a record order book.
- Ireland's unemployment rate fell to 9.6 percent in February from 9.7 percent in January as the number of people out of work and claiming benefits fell for the 11th straight month.
- Astra AB of Sweden announced it was seeking another drugmaker of a comparable size, such as Zeneca Group PLC, Schering-Plough Corp., or Bayer AG's drug arm as a merger partner. Zeneca said it was not interested; the other two pharmaceutical companies did not comment.
- Banco Central Hispanoamericano SA plans to raise 163.82 billion pesetas (\$1.1 billion) in capital with a rights issue in a move to fund new purchases. The Spanish bank plans to sell 41 million shares, at 4,000 pesetas each.
- Liberty PLC scrapped a £43 million (\$70.6 million) plan to redevelop its London department store and will delay reporting its 1998 earnings as it reorganizes after a change of management. The store expects to take a charge of between £8 million and £10 million to cover costs of work already started.
- Energy Group PLC of Britain held back from recommending that shareholders accept either of two rival increased acquisition offers from PacificCorp and Texas Utilities Co., both of the United States, until more details were available and intentions "finally clarified."
- French exports of wine and spirits hit a historic high in 1997, as a 40 percent boom in the value of Bordeaux exports bolstered a 16 percent rise in the total to 42 billion francs (\$6.8 billion). Alcoholic drinks are now France's second biggest export item after aerospace equipment and cars.
- German industrial orders rose 3.3 percent in January from December.

Reuters, Bloomberg

Financial Markets Set Record in '97

By Carl Gewirtz
International Herald Tribune

PARIS — A record \$1.8 trillion was raised in international financial markets last year, an increase of 13 percent over the previous year, and that trend looks set to continue, the Organization for Economic Cooperation and Development said in a report released Friday.

All major components — bonds, international equities and bank loans — showed record levels of activity, despite very significant fourth-quarter slowdowns as securities markets everywhere reacted to the financial crisis then raging through East Asia. Bond issuance alone fell 40 percent in the fourth quarter.

The OECD saw "significant potential" for maintaining the record pace of activity, it said in its "Financial Market Trends report." "In a low interest-rate environment, investors' demand for assets offering better yields than government bonds should remain strong," it said.

Looking at the potential supply of bonds, the study said that European monetary union was "likely to lead to deeper fixed-income markets, including markets in asset-backed or

mortgage-backed securities as well as lower rated corporate issues." It noted that corporate restructuring and privatization should continue to spur debt and equity markets.

For the year, bond issuance rose 17 percent in nominal terms to \$83.6 billion, while international equity placements advanced 48 percent to \$84 billion. International bank lending, which continued to rise through the final three months of the year, set a record at \$390.4 billion.

Annual activity in medium-term euro-note programs also set a record at \$411 billion. Only the small short-term euro-commercial sector posted a fall for the year at \$48.5 billion. But continued expansion in syndicated bank credits looks "uncertain" because many banks that were major players and now face sizable losses on their Asian portfolios may conclude that this "is an area where banks have sought asset expansion, while neglecting rigorous risk/return calculations," it said.

The report also noted that Japanese and other Asian banks faced with higher-than-average funding costs may be obliged to withdraw from this sector of the market.

Despite the sharp late-year re-

duction in the ability of borrowers in emerging markets to tap the capital markets, total lending to this class rose 44 percent to \$135 billion last year. South Americans remained the largest issuers of bonds, at \$42.7 billion, but East Asia raised the most money — \$60.8 billion — followed by South America at \$36.4 billion.

The Central and Eastern European "transition economies" raised \$18 billion in the international market. The report estimated that activity by emerging markets "is unlikely to return to proportions seen in early 1997 until the Asian crisis is sorted out. Nevertheless, the high level of activity attained in early 1997 suggests that emerging markets will continue to play a large role in international finance in the future."

For the first time since 1993, private corporations accounted for the lion's share of bond market activity. \$301 billion, displacing banks, which raised \$293 billion in bonds. As usual, the U.S. dollar accounted for most of the year's activity at 45 percent.

Although still a small market, market share in European currency units doubled to 1.3 percent of the total. The report said U.S. and British

Bonn and Unions Set Talks on Jobs

Bloomberg News

BONN — The government said Friday it had invited unions, employers and industry representatives to talks this month on job-creation proposals made at the European Union summit meeting in November.

EU leaders have launched a campaign against unemployment, a program that includes measures to encourage entrepreneurs and help small and medium-sized businesses.

The groups invited to the talks include the DGB trade union federation, which represents 8.6 million workers in 13 unions, the German employers' federation and the Federation of German Industry, which represents 80,000 companies in 34 industry organizations, the government said.

Issues continued to prefer to de-nominate bond issues in their own currencies. But issuers expecting to join the European monetary union — are issuing in currencies that will convert to euros, the OECD said.

WORLD STOCK MARKETS

Friday, March 6
Prices in local currencies

High Low Close Prev.

Amsterdam AEX index: 1068.90

Prices in local currencies

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|------------|------|-----|----|------------|--------|--------|--------|
| McDonald's | .08 | 2 | 29 | 38 1/2 | 33 1/4 | 32 1/2 | + 1/2 |
| MacNSC | - | - | 12 | 82 | 10 1/2 | 10 | + 1/2 |
| Macromer | 1.84 | 6.4 | 36 | 249 7/8 | 28 1/2 | 28 1/2 | + 1/2 |
| MacGryn | - | - | 29 | 82 | 18 1/2 | 18 1/2 | - 1/2 |
| MockCall | 2.00 | 5.2 | cc | 8 1/2 | 38 1/2 | 38 | - |

Bakery Case With Widens

Jail

Tailor

Lane

Shoppers

Frouble at the

ASIA/PACIFIC

Bribery Case Widens With Tokyo Raid

TOKYO — Prosecutors raided Japan's Ministry of Finance on Friday for the second time in a month as scandals cast a wider shadow over top financial companies and bureaucrats.

More than 70 officials from the Tokyo Prosecutor's Office searched ministry offices, a day after two of its bureaucrats were arrested on suspicion of taking bribes.

A ministry official said the raid was related not only to the arrests Thursday, but also to a scandal involving Yamaichi Securities Co.

Three former top executives at Yamaichi were arrested Wednesday on suspicion of altering financial reports to hide huge losses.

The off-the-book debts, worth about 260 billion yen (\$2.04 billion), helped send Yamaichi, one of Japan's "Big Four" brokerages, into bankruptcy last November.

Atsushi Nagano, chief of the ministry's Securities Bureau, has said the ministry became aware of Yamaichi's off-the-book debts only about a week before the firm collapsed.

Despite Mr. Nagano's assertions, his office was among those searched Friday by prosecutors, a ministry official said.

Investigators also searched the ministry's securities and banking bureaus and the Securities Exchange Surveillance Commission, a related watchdog body, in connection with the arrests of the two bureaucrats.

They were held on suspicion of accepting lavish entertainment from major financial institutions for help in launching financial products.

Along with the raid, prosecutors also served fresh indictments against two other Ministry of Finance officials who were arrested in January on suspicion of leaking information about surprise bank inspections in exchange for lavish entertainment.

With the fresh indictments, the amount of alleged bribes for the two now totals 12.5 million yen and six banks have been implicated in the graft scandal. The sixth bank is Hokkaido Tokai Bank.

The Ministry of Finance on Friday handed down disciplinary measures against nine officials for failing to exercise appropriate oversight in the inspection tip-off scandal. The punishments range from reprimands to 20 percent salary cuts for three months.



Officials of the Tokyo prosecutors office loading boxes containing confiscated documents Friday.

Japan Steelmakers Lower Profit Forecasts

TOKYO — Japan's five biggest steelmakers on Friday slashed their profit forecasts for the year ending in March, blaming the Asian crisis and slack demand at home.

Analysts said that the companies' poor forecasts were expected and that they would see even worse results in the next financial year.

The largest, Nippon Steel Corp., cut its group pretax profit forecast to 80 billion yen (\$630.7 million) from 100 billion yen. It attributed the

downgrade to an extraordinary charge of 65 billion yen for early retirement payouts.

NKK Corp. and Sumitomo Metal Industries Ltd. blamed their profit downgrades on stagnant demand. NKK cut its group pretax profit forecast to 34 billion yen from 36 billion, while Sumitomo slashed its pretax profit estimate to 45 billion yen from 50 billion yen.

Kawasaki Steel Co. lowered its group pretax profit forecast to 42.5 billion yen from 45 billion yen, but it

was still optimistic.

Asian-bound exports are expected to fall on the dollar-denominated basis due to deterioration in their markets, but the decline here will be offset on the yen basis after the yen's rise was corrected, Kawasaki said.

Kobe Steel Corp. was the only firm to forecast a loss in the year to March, blaming falling profits in construction machinery and electronics. Kobe expects a consolidated net loss of 4 billion yen, a reversal from an estimated profit of 8 billion yen.

Merrill Profit Sags In Asia on Trades By Accused Broker

NEW YORK — Merrill Lynch & Co.'s pretax profits in the Asia-Pacific region sank 61 percent to \$16 million last year, dragged down by a charge to pay clients who alleged that they lost money on improper trades by a private banker based in Singapore, the brokerage said Friday.

Merrill Lynch took a \$45 million charge to pay clients who said they lost money from unauthorized trades by the former Merrill broker, Kevin Wallace, a spokesman said.

Mr. Wallace was arrested in July by Hong Kong's Commercial Crime Bureau and charged with bringing 7 million Hong Kong dollars (\$904,000) in proceeds from crimes committed in Singapore into Hong Kong.

Merrill dismissed him in May and accused him of unauthorized trading, falsifying private-client statements and forging client signatures.

Before the charge, Merrill's pretax profit jumped 49 percent to \$61 million in the Asia-Pacific region. The company said net revenue from the region rose 48 percent to \$582 million.

The increased profitability came even as Asian stock, bond and currency markets plunged in the last half of 1997.

Globally, the largest U.S.-based securities firm earned a record \$1.91 billion in 1997, an 18 percent increase from the year before.

| Investor's Asia | | | | | |
|---------------------------|-------------------------|------------------|--------------|--------------|----------|
| Hong Kong Hang Seng | Singapore Straits Times | Tokyo Nikkei 225 | Index | Friday Close | % Change |
| 15500 | 2000 | 19000 | | | |
| 14000 | 1800 | 18000 | | | |
| 12500 | 1600 | 17000 | | | |
| 11000 | 1400 | 16000 | | | |
| 9500 | 1200 | 15000 | | | |
| 8000 | 1000 | 14000 | | | |
| 1997 | 1997 | 1997 | | | |
| Exchange | Index | Friday Close | Proy. Change | % | |
| Hong Kong Hang Seng | 10,919.53 | 10,808.88 | +1.07 | | |
| Singapore Straits Times | 1,571.15 | 1,579.88 | -0.54 | | |
| Sydney All Ordinaries | 2,667.60 | 2,652.70 | +0.56 | | |
| Tokyo Nikkei 225 | 17,131.97 | 16,948.55 | +1.69 | | |
| Kuala Lumpur Composite | 690.36 | 696.78 | -0.92 | | |
| Bangkok SET | 508.97 | 509.23 | -0.23 | | |
| Seoul Composite Index | 522.55 | 536.88 | -2.46 | | |
| Taipei Stock Market Index | 8,847.65 | 8,766.32 | +0.94 | | |
| Manila PSE | 2,181.95 | 2,207.54 | -1.16 | | |
| Jakarta Composite Index | 5,122.31 | 5,116.48 | -0.02 | | |
| Wellington NZSE-40 | 2,272.89 | 2,280.38 | -0.33 | | |
| Bombay Sensitive Index | 3,708.58 | 3,714.62 | -0.16 | | |

Very briefly:

- Malaysia International Shipping Corp. will become a subsidiary of the state oil company Petronas in a major expansion plan. Under a separate agreement with Konsortium Perkapalan Bhd., Malaysia's second-largest road transport company, Malaysia International Shipping will acquire the Hong-Kong based Pacific Basin Bulk Shipping Ltd.
- China Construction Bank, which is owned by the state, will nearly double its mortgage lending this year to 30 billion yuan (\$3.6 billion) to encourage Chinese to buy homes and stimulate the economy, the official People's Daily reported.
- The Australian Securities Commission has revoked Yamaichi Australia's securities and futures dealers' licenses at the request of the brokerage, a subsidiary of the failed Yamaichi Securities Co. of Japan.
- Sanrio Co. Ltd. of Japan, maker of "Hello Kitty" goods, said it would post a net loss of 17.1 billion yen (\$135 million) in the year to March 31, revised from an earlier forecast of a 2.1 billion yen profit, as booming sales made it possible for the company to clean up its balance sheet.
- PT Tambora Timah, a state-controlled Indonesian company that runs the world's largest tin mine, reported a record profit of 177.8 billion rupiah (\$17.3 million) in 1997, up 14 percent from a year earlier.
- India unveiled new rules on data exchange and transmission that will help companies selling news and data to access real-time prices on India's stock exchanges and transmit the data between different closed user groups.
- Nippon Telegraph & Telephone Corp. cut its forecast for pretax profit in the year to March 1998 to 533 billion yen (\$4.2 billion) from a figure of 562 billion yen projected earlier.
- Volvo AB of Sweden said it had set up a subsidiary in South Korea to sell its cars there and provide after-sales service.
- Japan supports Russia's efforts to gain membership in the World Trade Organization and hopes to start bilateral negotiations on its accession as soon as possible, the Japanese Foreign Ministry said.

Taiwan Approves Land for Bayer Plant

TAIPEI — Taiwan's provincial assembly approved land leases on Friday to allow Bayer AG to build a controversial \$1.5 billion chemical plant despite intense environmental opposition.

But the project still faced obstacles, as the county government presiding over its site in central Taichung vowed to deny construction permits unless the project was approved by a local referendum.

Hundreds of Bayer opponents gathered outside the assembly hall were kept away by the police, some in riot gear. Aside from some shouting and angry shouting, the gathering was peaceful.

Bayer executives were unavailable for comment.

Manila Pledges to Meet IMF's Goal Of a Free Float of Peso Against Dollar

MANILA — The government is committed to floating the peso freely against the dollar in line with an International Monetary Fund program, an official report said Friday.

"We intend to eliminate the volatility band entirely by the term of the second review to improve the function of the interbank foreign exchange market," said a memorandum of economic and financial policies mapped out by the government and the IMF.

The volatility band shields investors from rapid peso fluctuations by keeping the currency's movements within certain bounds.

The report added that the Bankers' Association of the Philippines, which is in charge of dollar-peso trading, was considering lifting the volatility bands. The association owns and operates the Philippine Dealing System, the electronic spot foreign exchange market in the country.

A program review with the IMF takes place every six months.

The Philippines is expected to leave a 35-year tutelage with the IMF later this month. Monetary authorities, however, have negotiated a "precautionary arrangement" with the IMF, allowing Manila to have quick access to a standby fund of at least \$1.6 billion in case of emergency.

Microsoft to Develop Chinese Net Browser

BEIJING — Microsoft Corp. said Friday it would help China's main telecommunications carrier develop its Internet capabilities as part of a long-term cooperative project.

Microsoft China Co., a wholly owned subsidiary of the U.S. software maker, signed a deal on Thursday with China Telecom to develop a special version of Internet Explorer.

Internet Explorer is Microsoft's "browser" program used to navigate the global computer network.

The deal also included the transfer of software platforms, other Internet technology and training in on-line skills, Clifford Lee, director of Microsoft China's Internet Customer Unit, said. Microsoft declined to say how much the deal was worth.

INTEL: Chipmakers Shift Gear

Continued from Page 11

Intel also plans to have an even zippier version of the Pentium II for more sophisticated server computers.

All three chips are still based on one design, so they can be made at the same factories. The difference between a Celeron and a Pentium II, Intel says, is that Pentium IIs have more on-board memory and will be better at such tasks as displaying the three-dimensional graphics that are a part of many computer games.

Therein lies Intel's other big challenge: Can Celeron capture a market without cheapening Pentium's image?

"What's the difference between a Celeron and a Pentium?" said Jack Trout, a marketing specialist based in Greenwich, Connecticut. "If people eventually say, 'It's a cheap Pentium,' how do you explain it? It's hard," he said.

For now, Intel's solution is to split its flagship, the Pentium II, into three lines. Celeron will be the chip for low-cost computers, and Intel will urge consumers who want more "performance" to opt for a Pentium II, the chip in PCs that cost closer to \$2,000.

SATURN: Trouble at the Plant

Continued from Page 11

GM assembly-line workers, on average, earn \$40,622 a year, plus a bonus tied to corporate performance that has amounted to \$2,439 over the last six years. Saturn workers, by contrast, on average earn between \$36,774 and \$41,787 a year, depending on whether the factory meets its quality, health and safety, and training goals. They have earned additional bonuses amounting to \$32,829 over six years for reaching production targets.

The crucial difference in the contracts, from the standpoint of Saturn workers, is that they are protected against layoffs except during "unforeseen or catastrophic economic conditions." Saturn is in deep enough trouble, many workers say, that layoffs are increasingly likely.

The traditional UAW contract allows layoffs but requires GM to continue paying laid-off workers 95 percent to 100 percent of their base pay until they are offered another job or retire. The Saturn contract offers no explicit protections.

Thomas Hopp, 39, said his two decades of experience working at GM factories have taught him a simple truth: "If we're not making cars, your job is in jeopardy," said Mr. Hopp, who helped organize

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The Associated Press.

| 12 Month High | 12 Month Low | Stock | Div Yld | PE | 100 High | Low | Latest | Chg |
|---------------|--------------|----------------------|---------|-------|----------|--------|--------|-------|
| 125.00 | 120.00 | IBM | 4.00 | 15.00 | 125.00 | 120.00 | 122.00 | +2.00 |
| 120.00 | 115.00 | Microsoft | 3.00 | 12.00 | 120.00 | 115.00 | 118.00 | +3.00 |
| 115.00 | 110.00 | Apple | 2.00 | 10.00 | 115.00 | 110.00 | 112.00 | +2.00 |
| 110.00 | 105.00 | Oracle | 1.50 | 8.00 | 110.00 | 105.00 | 108.00 | +3.00 |
| 105.00 | 100.00 | Sun Microsystems | 1.00 | 7.00 | 105.00 | 100.00 | 102.00 | +2.00 |
| 100.00 | 95.00 | Novell | 0.80 | 6.00 | 100.00 | 95.00 | 98.00 | +2.00 |
| 95.00 | 90.00 | Lotus Development | 0.60 | 5.00 | 95.00 | 90.00 | 92.00 | +2.00 |
| 90.00 | 85.00 | Intuit | 0.50 | 4.00 | 90.00 | 85.00 | 88.00 | +2.00 |
| 85.00 | 80.00 | Parsons Technology | 0.40 | 3.00 | 85.00 | 80.00 | 82.00 | +2.00 |
| 80.00 | 75.00 | Veritas Software | 0.30 | 2.00 | 80.00 | 75.00 | 78.00 | +2.00 |
| 75.00 | 70.00 | Computer Associates | 0.20 | 1.00 | 75.00 | 70.00 | 72.00 | +2.00 |
| 70.00 | 65.00 | PerkinElmer | 0.10 | 0.50 | 70.00 | 65.00 | 68.00 | +2.00 |
| 65.00 | 60.00 | 3M | 0.00 | 0.00 | 65.00 | 60.00 | 62.00 | +2.00 |
| 60.00 | 55.00 | Eastman Kodak | 0.00 | 0.00 | 60.00 | 55.00 | 58.00 | +2.00 |
| 55.00 | 50.00 | Johnson & Johnson | 0.00 | 0.00 | 55.00 | 50.00 | 52.00 | +2.00 |
| 50.00 | 45.00 | Pfizer | 0.00 | 0.00 | 50.00 | 45.00 | 48.00 | +2.00 |
| 45.00 | 40.00 | Merck & Co. | 0.00 | 0.00 | 45.00 | 40.00 | 42.00 | +2.00 |
| 40.00 | 35.00 | Amgen | 0.00 | 0.00 | 40.00 | 35.00 | 38.00 | +2.00 |
| 35.00 | 30.00 | Genentech | 0.00 | 0.00 | 35.00 | 30.00 | 32.00 | +2.00 |
| 30.00 | 25.00 | Novartis | 0.00 | 0.00 | 30.00 | 25.00 | 28.00 | +2.00 |
| 25.00 | 20.00 | Roche | 0.00 | 0.00 | 25.00 | 20.00 | 22.00 | +2.00 |
| 20.00 | 15.00 | Novo Nordisk | 0.00 | 0.00 | 20.00 | 15.00 | 18.00 | +2.00 |
| 15.00 | 10.00 | Glaxo | 0.00 | 0.00 | 15.00 | 10.00 | 12.00 | +2.00 |
| 10.00 | 5.00 | Boehringer Ingelheim | 0.00 | 0.00 | 10.00 | 5.00 | 8.00 | +2.00 |
| 5.00 | 0.00 | Novartis | 0.00 | 0.00 | 5.00 | 0.00 | 4.00 | +2.00 |
| 0.00 | 0.00 | Novartis | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | +2.00 |

NYSE
Friday's 4 P.M. Close
(Continued)

| 12 Month High | 12 Month Low | Stock | Div Yld | PE | 100 High | Low | Latest | Chg |
|---------------|--------------|----------------------|---------|-------|----------|--------|--------|-------|
| 125.00 | 120.00 | IBM | 4.00 | 15.00 | 125.00 | 120.00 | 122.00 | +2.00 |
| 120.00 | 115.00 | Microsoft | 3.00 | 12.00 | 120.00 | 115.00 | 118.00 | +3.00 |
| 115.00 | 110.00 | Apple | 2.00 | 10.00 | 115.00 | 110.00 | 112.00 | +2.00 |
| 110.00 | 105.00 | Oracle | 1.50 | 8.00 | 110.00 | 105.00 | 108.00 | +3.00 |
| 105.00 | 100.00 | Sun Microsystems | 1.00 | 7.00 | 105.00 | 100.00 | 102.00 | +2.00 |
| 100.00 | 95.00 | Novell | 0.80 | 6.00 | 100.00 | 95.00 | 98.00 | +2.00 |
| 95.00 | 90.00 | Lotus Development | 0.60 | 5.00 | 95.00 | 90.00 | 92.00 | +2.00 |
| 90.00 | 85.00 | Intuit | 0.50 | 4.00 | 90.00 | 85.00 | 88.00 | +2.00 |
| 85.00 | 80.00 | Parsons Technology | 0.40 | 3.00 | 85.00 | 80.00 | 82.00 | +2.00 |
| 80.00 | 75.00 | Veritas Software | 0.30 | 2.00 | 80.00 | 75.00 | 78.00 | +2.00 |
| 75.00 | 70.00 | Computer Associates | 0.20 | 1.00 | 75.00 | 70.00 | 72.00 | +2.00 |
| 70.00 | 65.00 | PerkinElmer | 0.10 | 0.50 | 70.00 | 65.00 | 68.00 | +2.00 |
| 65.00 | 60.00 | 3M | 0.00 | 0.00 | 65.00 | 60.00 | 62.00 | +2.00 |
| 60.00 | 55.00 | Eastman Kodak | 0.00 | 0.00 | 60.00 | 55.00 | 58.00 | +2.00 |
| 55.00 | 50.00 | Johnson & Johnson | 0.00 | 0.00 | 55.00 | 50.00 | 52.00 | +2.00 |
| 50.00 | 45.00 | Pfizer | 0.00 | 0.00 | 50.00 | 45.00 | 48.00 | +2.00 |
| 45.00 | 40.00 | Merck & Co. | 0.00 | 0.00 | 45.00 | 40.00 | 42.00 | +2.00 |
| 40.00 | 35.00 | Amgen | 0.00 | 0.00 | 40.00 | 35.00 | 38.00 | +2.00 |
| 35.00 | 30.00 | Genentech | 0.00 | 0.00 | 35.00 | 30.00 | 32.00 | +2.00 |
| 30.00 | 25.00 | Novartis | 0.00 | 0.00 | 30.00 | 25.00 | 28.00 | +2.00 |
| 25.00 | 20.00 | Roche | 0.00 | 0.00 | 25.00 | 20.00 | 22.00 | +2.00 |
| 20.00 | 15.00 | Novo Nordisk | 0.00 | 0.00 | 20.00 | 15.00 | 18.00 | +2.00 |
| 15.00 | 10.00 | Glaxo | 0.00 | 0.00 | 15.00 | 10.00 | 12.00 | +2.00 |
| 10.00 | 5.00 | Boehringer Ingelheim | 0.00 | 0.00 | 10.00 | 5.00 | 8.00 | +2.00 |
| 5.00 | 0.00 | Novartis | 0.00 | 0.00 | 5.00 | 0.00 | 4.00 | +2.00 |
| 0.00 | 0.00 | Novartis | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | +2.00 |

In Japan's
Beware of
Analysts Expect Dollar

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In Japan's Big Bang, Beware of Falling Yen

Analysts Expect Dollar to Reach 140 Yen

By Miki Tanikawa

SEVERE CHANGES in Japan's economic and regulatory environment have investors with yen exposure wondering where the currency is headed, especially because it has lost more than a third of its value against the dollar since March 1995.

The fate of the dollar-yen rate depends on many factors. Overall, however, economists in Tokyo foresee further weakness for the Japanese currency, primarily because of economic fundamentals, wide interest-rate differentials in favor of the dollar and the possible migration of savings abroad as restrictions are eased in conjunction with Japan's Big Bang deregulation.

The dollar had a recent peak of 134 yen in early January. Since then, the Japanese currency has gained ground, with the dollar falling to a 124-to-129-yen band in recent weeks. The yen's recovery reflects the outlook that Japan will stimulate its economy by increasing government spending.

Jeffrey Young, an economist with Salomon Brothers Asia Ltd. in Tokyo, said that while the government was loosening its fiscal stance, the likely extra spending was only sufficient to undo restraint built into the original budget.

Mr. Young pointed out, for example, that the government had cut about 6 percent, or 2.5 trillion yen, of public works spending for 1998.

"What the market is overlooking right now is the fact that they have to put a lot back in just to make up for what they were taking out," he said.

While the government's spending program may remain neutral to the economy, economists say the widening interest-rate gap between the two currencies may prompt investors to possess

bond-market assets denominated in dollars instead of yen.

Takehiro Sato, senior economist at Japan Research Institute, noted that in three-month interest-rate futures, the dollar exceeded the yen by a rate of more than 5 percentage points: the U.S. currency fetches about 5.80 percent, while the yen is a measly 0.74 percent.

Similarly, Mr. Young compared the Japanese call-money rate, at about 0.4 percent, to the similar U.S. overnight bank-loan rate (federal funds), now at 5.5 percent.

"The contrast in the economy between the United States and Japan is evident here," said Mr. Sato. He said that barring unforeseen circumstances, the rates needed to be reversed for the dollar to fall against the yen. But "it's hard to think that the gap will near zero in a year's time," he added.

"An interest-rate hike by Japan's central bank could devastate Japan's financial system," Mr. Sato said.

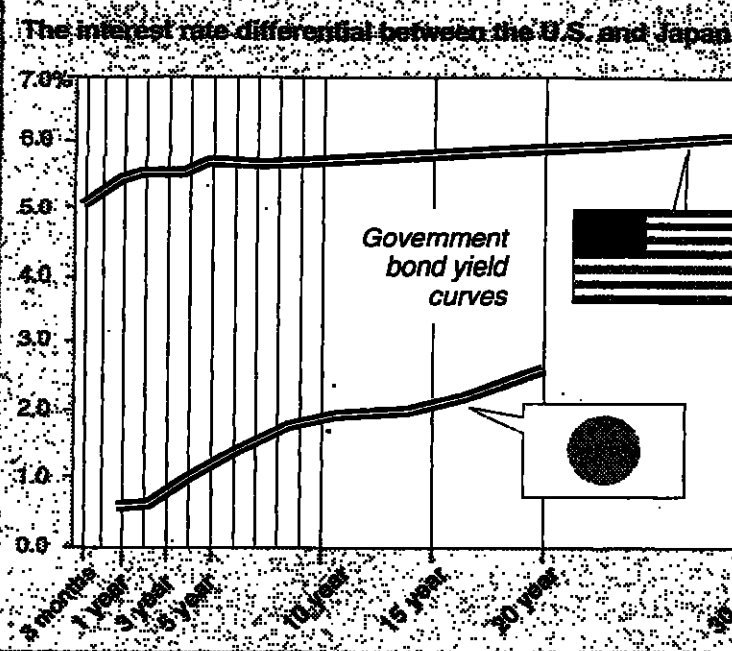
Meanwhile, hefty liquidity injection by the Bank of Japan remains a likely option, Mr. Young of Salomon Brothers said, as the central bank sees soothing market jitters over supplying credit as a part of its mission. He pointed out that relative to the overnight rate, three-month money rates in Japan were stubbornly high at 0.85 percent, reflecting credit risk.

"Japanese financial institutions are having a lot of trouble raising money," Mr. Young said. "There is a need in the near term for the Bank of Japan to adopt an aggressive supply-of-money stance in the money market."

He also noted that the premium that Japanese banks have to pay to borrow in the international markets had begun to rise in recent weeks.

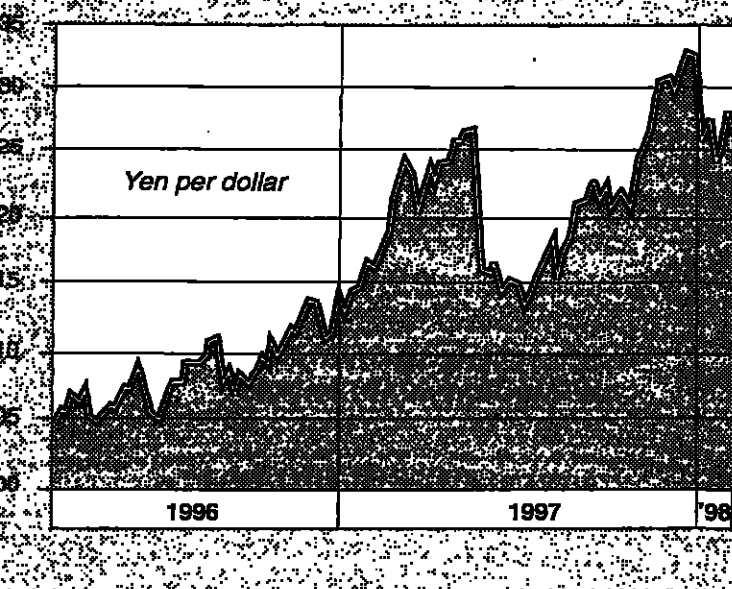
Mr. Young projected that the dollar would rise to about 140 yen by the middle of the year, sticking at that level through early 1999, while Mr. Sato fore-

Prospects For a Weaker Yen



Source: Bloomberg

Is seen as a further drag on the weak Japanese currency



International Herald Tribune

Bad for Investors, Good for Borrowers

Yen Mortgages Available in Many Countries

By Aline Sullivan

JAPANESE INVESTORS may have little to cheer about at present, but borrowers in yen have never had it so good. Debtors elsewhere who are envious of record-low Japanese interest rates should realize that they do not need to live in Japan to borrow in its currency.

Private banks in the United States and Europe will issue Japanese yen mortgages to qualified clients, regardless of where the property is purchased. A loan in any currency is based on the prevailing interest rate in the currency's home country. A yen mortgage therefore carries an interest rate of about 2 percent, compared with roughly 7 percent for one denominated in pounds or dollars.

There is a catch, of course. Currency swings can suddenly wipe out months of savings and may even increase the amount of the outstanding loan. For that reason, few banks are willing to risk more than 60 percent of the purchase price and all reserve the right to convert the loan to the local currency when a currency loss reaches about 10 percent of the mortgage, unless the borrower is able to substantially boost collateral.

Obviously, all but the most confident professional investors are—or should be—unwilling to stake their houses on their ability to predict foreign-exchange fluctuations. That is why most banks require that foreign-currency borrowers employ managers to monitor clients' exposure and redenominate the loans in the home currencies or other major currencies if necessary. Currency managers generally charge an annual fee of about 0.85 percent of a loan, about 15 percent of any debt reduction that results from foreign-exchange fluctuations in a borrower's favor.

In fact, making your mortgage shrink by betting the right way on currencies is often more of an attraction than the low interest rates borrowers can obtain.

The management fee appears to be well worth paying. A dollar-based borrower who took a yen interest-only mortgage worth \$100,000 on Feb. 7, 1997 would have lost 0.86 percent of capital a year later, while a sterling-based investor with a £100,000 (\$164,000) debt would have gained 0.79 percent. By contrast, a dollar-based borrower who employed ECU Group PLC, Britain's largest debt-management company, to manage the same-sized loan made a profit of 11.02 percent. Their clients who started with pounds made 12.48 percent.

The difference is just as stark over a

five-year period. The dollar-based investors lost 0.65 percent of their capital on their own but gained 7.55 percent if their loans had been managed. Sterling-based borrowers would have done fine on their own—their capital rose 11.76 percent—but even better if their loans were with ECU Group, up 18.94 percent.

"The ability to go in and out of currencies means that a borrower is not disadvantaged by going back to home base," said Michael Petley, the managing director of ECU Group.

The ECU Group has switched currencies on average four times during each of the nine years since it started managing these loans.

These figures do not reflect the interest savings made by holders of yen mortgages. But investors whose prime motivation is to cut their monthly bills are taking too big a chance, currency managers warned. Banks in Britain, Switzerland and Austria that regularly underwrite foreign-currency loans have recently become conservative in their lending policies. Banks in most other countries are willing to arrange these loans only for high-net-worth clients.

Currency swings can be well-come, of course. Switching currencies at the right moment can enable a borrower to make substantial inroads in the outstanding loan. Yen mortgage clients of ECU Group made a profit of 11.25 percent at the height of the Asian crisis, from Sept. 4 to Nov. 13.

No one is suggesting that yen loans are a safe bet. "Investors who think that the Asian crisis will further impact Japan could do very well borrowing in yen right now," said Nick Sutton, managing director of the London finance brokerage Provecta Ltd. "But it is a high-risk strategy."

Many sterling borrowers are, in fact, keen on dollar loans.

"People are interested in foreign-currency mortgages because British interest rates are likely to rise," Mr. Petley said.

A dollar mortgage has long been a good idea for sterling borrowers because sterling has appreciated considerably against the U.S. currency over the past 10 years. A loan worth £100,000 on Nov. 1, 1988 would now total only £58,001.

For further information:
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• ECU GROUP PLC. Telephone: 44 171 245 1010; Fax: 44 171 245 0088.
• CHASE MANHATTAN PRIVATE BANK. 1 212 789 5512.
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Think Local in Playing Tokyo's Battered Market

Sushi, Karaoke and Other Hard-Hit, Domestically Oriented Stocks May Now Be the Best Bargains

By Miki Tanikawa

WHEN investors turned bearish on the Japanese economy last fall, domestically oriented stocks were among the biggest casualties of the ensuing market slide. This was especially true of shares in companies providing typically Japanese goods and services, like sushi restaurants, karaoke machines and jukus, the famous cram schools.

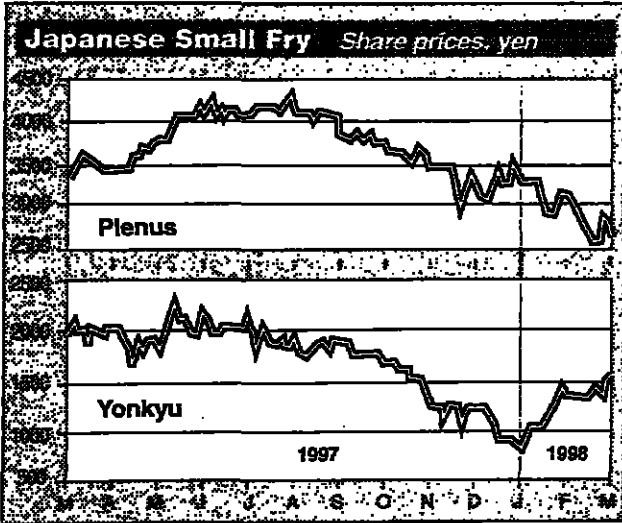
These companies, many of which are small, family-run businesses that trade on the Japan Securities Dealers Quotation System, have few overseas outlets and often little

appeal beyond Japan's borders, so they sink or swim with the domestic economy. Last year they sank, but some Tokyo analysts who specialize in small-capitalization issues said the Jasdak stocks have been so beaten down that there are now some attractive value plays.

Tetsuya Furumoto, an analyst at Salomon Brothers Asia Ltd. in Tokyo, spoke enthusiastically of Yonkyu Co., a wholesaler of the cultivated fish that are made into sushi and sashimi.

Mr. Furumoto said Yonkyu had an advantage in the expanding fish-wholesale trade: It is one of the few corporations armed with modern management techniques in an industry dominated by regional cooperatives that do not have hard-driven profit motives.

Yonkyu stands to benefit from another factor: Japan's growing depend-



Source: Bloomberg

ence on farmed fish products. Japan's domestic-fisheries production has been on the wane, owing to declining fish populations and strict regulations.

FALLING CATCHES are offset partially by imports, but Japan will increasingly find it difficult to meet its domestic needs, Mr. Furumoto predicted, as the global movement to manage maritime resources curbs worldwide fish production.

"Yet, Japanese people like sushi," Mr. Furumoto said.

Yonkyu, with its mainstay business in wholesaling cultivated fish, is riding an industry trend to focus on cultured fish, which include yellowtail, sea bream and kanpachi, a fish available only in Asian waters.

Mr. Furumoto estimated that

Yonkyu, whose 1997 operating profit is likely to reach a record 2.2 billion yen (\$17.4 million), would see its profit grow 14 percent a year for the next two years.

Another option is chains of popular sushi restaurants that have rapidly expanded their consumer base in recent years, responding to public demands for low prices and fast-food-style convenience.

The over-the-counter-listed shops include Atom Corp., Kappa Create Co. and Genki Sushi Co. All have recorded healthy growth over the years, but intensifying competition among these and other non-listed companies have clouded their continued growth prospects, analysts said.

Within the take-out food arena, Plenus Co. is notable for its ability to serve a price-conscious public tasty bento box lunches. These contain hot rice, an essential ingredient, and a variety of other Japanese dishes, such as fried fish, egg rolls and pickles.

The company operates a chain of franchised bento shops in the southern region of Kyushu and also has stores throughout the country that serve gyudon, a popular Japanese dish in which cooked beef is placed on top of warm rice.

Analysts are often drawn to Plenus's rich cash flow, exceeding 36 billion yen, according to Salomon Brothers Asia's estimate for the year ending February 1998. This gives the company an ability to finance its growth internally, a critical asset for a cash-hungry company that wants to add stores in uncultivated areas.

One of the most out-of-favor sectors in Jasdak today is the industry for juku, the private schools that, while operating outside the official educational system, play a crucial role in nurturing young students' abilities.

The combination of the poor economy and the prospect that the declining birth rate could savagely cut the estimated 1 trillion yen market has depressed virtually all the dozen or so juku stocks on the market. Bouts of selling last year have spawned a rare category of stocks for the Japanese equity market overall: high yielders.

"The sector has come down to a level where the valuation is attractive and the yield high," said Toshiaki Jimbow, chief OTC analyst at Wako Research Institute, "and while it is uncertain if these stocks will rebound, one may assume that perceived downside risk is limited, which makes a case for a yield-based investment that comes with a little hope on the upside."

Mr. Jimbow said that this strategy generally applies to stocks traded over the counter, where 63 percent of the shares trade below book price. As for dividends, he added, investors only need wait until the end of March to qualify for payouts on most stocks.

Mr. Jimbow finds that Up Inc., a juku chain based in the Kansai region, offers a growth scenario in a sagging industry. The company, which had primarily taught elementary and junior high students, has been successfully building a program for high schoolers preparing for college-entrance examinations.

This "vertical" approach makes sense in an industry that is shrinking,

Continued on Page 19

A New Mutual Fund Family That Keeps Its Offerings Small for Big Clients

SOME OF AMERICA'S best money managers are people you've never heard of. They run small mutual funds and get little attention, or they handle the portfolios of rich folks and pension funds and stay out of the public eye.

Robert Torrey of Bethesda, Maryland, is a good example. After managing the investments of a handful of large companies, he was persuaded by friends in 1990 to start a mutual fund. It's now in the top five, according to Value Line, but a year ago had only \$116 million in assets.

Tweedy, Browne Co., a venerable Wall Street firm with a formidable track record of selecting stocks for wealthy clients, offers the American Value fund, which has returned an annual average of 32 percent over the past three years, matching the Standard & Poor's 500-Stock index at considerably lower risk. The fund, ranked No. 1 overall by Value Line, has grown to \$600 million in assets, but it is still tiny by today's standards, with Fidelity Contrafund at \$30 billion and Growth Fund of America at \$12 billion.

My point is that, in the money management business, bigger does not necessarily mean bet-

ter. While he worked at Goldman Sachs & Co., Mark Hurley proved this proposition with some extensive research. "It surprised me," he recently said, "how many good — by orders of magnitude — small managers there were."

Mr. Hurley, who had also done stints at Merrill Lynch & Co. and the Treasury Department, decided to put this idea to the test. At the start of this year in Dallas, he introduced a new family of funds called Undiscovered Managers. There are seven funds, run by six separate management firms, each with an extraordinary track record of picking winners for private clients.

Consider the Undiscovered Managers Special Small-Cap Fund, run by Abbott Keller and David Steirman of Kerstrel Investment Management Corp., of San Mateo, California. Over the past three years, Kerstrel has produced an incredible annual return for those clients of 33.5 percent, compared with 22.3 percent for the Russell 2000 index, which tracks small stocks.

Les Waite and Diana Calhoun of Los Angeles, who manage the U.M. Core Equity Fund, have provided their clients (with annual

returns over the past five years that have beaten the S&P by three percentage points. The U.M. REIT Fund, managed by William Schaff of Bay Isle Financial Corp., in San Francisco, with clients such as Chrysler Corp., has returned 19.4 percent a year on average since 1993, well ahead of the Wilshire REIT index's 16.9 percent.

But before you rush out to buy the Undiscovered Managers funds, recognize that

JAMES GLASSMAN ON INVESTING

there is a slight drawback: minimum initial investments are \$250,000. Still, Mr. Hurley sells wholesale to retirement plans and financial advisers, who pool smaller investors.

Even if you cannot buy these funds, you can learn from them. They share these traits:

• **Concentrated portfolios.** The managers generally own just 25 to 40 stocks at a time, compared with about 100 for the average mutual fund. James Kaplan, of J.L. Kaplan Associates in Boston, says that the U.M. Small-Cap Value Fund has only 33 stocks in its portfolio. How managers can keep track of

many more baffles him.

Research shows that to reduce risk through diversification you need no more than 10 stocks in different industries. Beyond 50 stocks, the process becomes "de-worsification."

• **Long-Term Perspective.** While the average mutual fund manager keeps a stock for just one year, Mr. Hurley's managers are buy-and-hold fanatics. For example, Mr. Waite said his general client portfolio contains just 27 stocks, eight of which he has owned for nine years or more. Turnover is just

13 percent annually, meaning that the average stock is held for seven to eight years. Last year, Waite & Associates bought only three stocks: U.S. Bancorp, Bell Atlantic Corp. and Avery Dennison Corp., which makes office products.

This low turnover also makes the funds highly tax efficient. Until the big mutual funds, they do not continually generate capital gains liabilities for their shareholders.

• **Value Orientation.** The Hurley managers are bargain-hunters. They shy away from stocks that seem expensive, even if the rest of the market loves them.

• **Strict Sell Criteria.** All of the managers have rules on when to unload.

Russell Fuller and Fred Stanske, who manage the U.M. Behavior Growth Fund, which tries to find stocks that the market has "mispriced," sells when "analysts' consensus estimates accurately predict a company's actual earnings" — in other words, when Wall Street seems to understand the stock.

BUT THE MAIN thing that all the funds have in common is size. They are small, and Mr. Hurley vows to keep them that way. The funds will be closed to new investors when they get too big; the criteria vary, but the average is about \$500 million. Large funds, Mr. Hurley believes (and research confirms), often have a hard time maneuvering. For one thing, their purchases push up prices (and sales push them down), so they start adding more stocks to their portfolios to diminish the effects. "The culture changes," and managers don't seem to perform as well.

Washington Post Service

FOR FURTHER INFORMATION, call Undiscovered Managers at 1 214 999 7200, or, toll-free in the United States, at 1 888 242 3514.

WORLD ROUNDUP

Tyson Sues King

BOXING Mike Tyson filed a lawsuit against boxing promoter Don King in U.S. District Court in Manhattan on Thursday, alleging a vast and brazen decade-long pattern of financial fraud and abuse that robbed the banned former heavyweight champion of tens of millions of dollars.

The suit seeks at least \$100 million in damages and lost earnings. It accuses King of having duped Tyson into signing a contract while the boxer was still in prison for rape; having assigned Tyson a pair of fake managers who, acting on King's behalf, siphoned off huge chunks of the fighter's purses, and having used millions of dollars that should have gone to Tyson to pay King's wife and children exorbitant and bogus consulting fees. (NYT)

Pernell Whitaker entered a drug and alcohol rehabilitation center after reportedly testing positive for drugs. His fight against Ike Quartey, the WBA welterweight champion, in Las Vegas on April 25 was postponed. Whitaker, 34, has won world titles six times. (AP)

Sherborne Leads

GOLF Andrew Sherborne shot an eight-under-par 64 in perfect conditions Friday for an 11-under-par total of 133 total after two rounds of the Qatar Masters in Doha. Sherborne, a 36-year-old Englishman, finished the day two strokes ahead of Paolo Quirici of Switzerland, who shot 66. (Reuters)

Curtis Strange, healthy again after a viral infection that paralyzed the left side of his face, tied for the lead after the first round at the \$2 million Doral-Ryder Open in Florida. Strange, shot a 4-under-par 68 to share of the lead with Mark Calcavecchia, Mike Brisky, Ronnie Black and Bob Tway. (AP)

Cronje Counterattacks

CRICKET Hansie Cronje made a pugnacious 85 Friday as South Africa made 262 runs for seven wickets on the first day of the third and final test against Pakistan in Port Elizabeth. Waqar Yousif, the Pakistani fast bowler, took five wickets.

In Madras, Australia restricted India to 232 runs for five wickets on the opening day of the first test after openers Nayan Mongia and Navjot Sidhu gave the home side a solid start, adding 122 runs for the first wicket. (Reuters)

Roda Fires Its Coach After Loss to Vicenza

Chelsea's Vialli Sinks Betis From the Bench

LONDON — Roda JC Kerkrade dropped coach Martin Jol on Friday, the day after it lost, 4-1, at home to Vicenza in the first leg of its European Cup Winners Cup quarterfinal.

The club said Jol had been suspended and that it was seeking a replacement in time for its next match, on Monday.

Roda has struggled in the Dutch league this season. On Thursday, it played poorly against Vicenza, which is

its first in 257 minutes of play. AEK Athens 0, Lokomotiv Moscow 0 in Athens, Ruslan Nigmatullin, the Lokomotiv goalkeeper made two fine saves to frustrate AEK.

AEK ended the match with nine men. Anton Dobos was dismissed for a knee-high lunge. Vaios Karayannis, who had already received one yellow card, then received a second for a wild tackle.

Red Card for Some Tackles

Dangerous tackles from behind will be outlawed this year at the World Cup and punished with a red card, FIFA, the governing body of world soccer, decided Friday, Reuters reported from Paris.

"There is only one solution, expulsion, red card," said Sepp Blatter, FIFA's general secretary. He added, "If a player wins the ball cleanly from behind then it's not a tackle from behind."

FIFA also agreed to allow the English Football Association to study technical aids to help referees decide whether the ball had crossed the goal line.

England will also carry out an experiment on the island of Jersey on a rule designed to stop infringements by a team defending a free kick.

"We'll be looking at the referee moving the free kick 9.5 meters nearer the goal if there is persistent infringing," said Graham Kelly of the FA.

EU Offers Little Solace In World Cup Ticket Sales

BRUSSELS — The European Commission said Friday that the distribution of tickets for the World Cup was unfair, but that it could do nothing about the 2.3 million tickets already sold and would focus on the 200,000 left.

Meanwhile, Lennart Johansson, president of UEFA, the governing body of European soccer, said Friday that he would campaign for more tickets for fans of qualifying countries other than France.

Johansson was on the committee that agreed to continue the ticket distribution used in Italy in 1990 and the United States in 1994 — giving 65 percent of tickets to the host with 20 percent going to the other qualifying nations.

"The problem has arisen because the capacities at the venues in France are generally lower than those in Italy or in the United States," he said.

Qualifiers such as England, Germany and the Netherlands, who have huge numbers of fans following the teams abroad, have complained that they will receive only a few thousand tickets.

The executive commission of the EU met Thursday with members of the French organizing committee in Brussels. The commission decided it could do nothing about the tickets already sold to French residents but not yet mailed out.

Stefan Rating, a spokesman for the commission, said that to recover tickets, "we would have to run after a million French." (AP, Reuters)



ON THE MOVE — Danja Haslacher of Austria skiing in the women's LW2 downhill in the Paralympic Games, which began Friday in Nagano, Japan. Nearly 590 athletes from 32 countries are competing in five sports in 12 categories based on disabilities. In the LW2 downhill, for below-the-knee amputees, Sarah Bittmeier of the United States won her sixth career gold medal, edging the Austrian Nicola Lechner.

Land of the Bored and Home of Outrage

BOSTON — I live where I live. Perhaps it can't be helped. I fear I will become outraged by everything.

Recently, an injured female basketball player was allowed by the opposing team to hobble onto the court and score an uncontested basket during an official college game. The two points allowed her to become the all-time leading scorer at the University of Connecticut.

For days it was all anyone seemed to talk about. Incensed callers phoned the talk shows; commentators could not contain their disgust.

Mike Tyson chewed off Evander Holyfield's ear. Now, wherever Tyson shows up he is surrounded by photographers, who are there to feed our appetite for outrage.

Laurel Spirewell is a daily source of outrage, the arbitrator's decision to reinstate his NBA contract creating a kind of sequel that will extend the furor for months.

The baseball star Jose Conseco pleaded no contest to a charge of misdemeanor battery last winter against his wife. He is currently training with the Toronto Blue Jays. More controversy.

The handicapped minor-league golfer Casey Martin, who is being allowed to ride in a cart, is the subject of an intense national debate.

After a while, you begin to notice that Americans do not talk about sports the way they used to.

What do you think about Tiger Woods?

In America/Ian Thomsen

"I see he's doing ads for American Express now."

How about the Winter Olympics?

Isn't Michael Jordan still amazing?

It's outrageous how Bulls' management is trying to break up that team.

I have some friends, fellow sports-writers I used to know well, who have been making too many appearances on talk shows. When I bring up a topic to pass the time of the day — let's say the perennially hopeless chances of the Red Sox to win the World Series this year — they respond with a diatribe of one kind or another. The Red Sox become a serious issue. They're paying too much for this player; they made a big mistake in negotiating a certain contract. This isn't what I wanted to talk about at all.

Mo Vaughn, the Red Sox's best hitter, was found not guilty on a charge of drunk driving this week. It was the lead story on all the Boston news programs.

On television, at the end of any close football game, the cameras focus in relentlessly on the face of the player who made a crucial mistake.

I feel, of course, that I am being hypocritical. I can be as outraged as anyone. There is a time for it. But there should also be those times when something wonderful happens in a game, when you forget about the money or the personalities and simply enjoy the magic.

Watching a game should be like going to a good movie and believing in the

characters on the screen. In America it's becoming more and more difficult to forget that the players are actors.

As soon as anything brilliant is done by an athlete, something unforeseen and unique, the sneaker manufacturers and the soft drink companies come in and buy it, turning it into a commercial. In other countries fans are not as jaded, the culture of sport is not as cynical.

You would have to spend some time here to realize just how bored America has become.

Not boring, but simply, plainly bored. The Cold War is long gone; the economy is good; there is no sense of national emergency, and no warnings on the horizon. For lack of anything more important, the drama of sport has assumed an irrational importance.

The other night Tom Brokaw, one of America's most important network journalists, raised the issue and then dwelled on his sense of muted outrage that the female basketball player at the University of Connecticut had been given a scoring record that she had not really earned.

Aren't there more important things to be debating in such serious tones? Trivialities are being exaggerated, converted into serious issues. It's happening in Washington. This is a country with too much time on its hands.

Ian Thomsen is a senior writer for Sports Illustrated magazine.

Martin Brings 'Hope' and a Strong Game To Austin Open

*By Leonard Shapiro
Washington Post Service*

AUSTIN, Texas — As Casey Martin prepared to hit his opening drive in the Greater Austin Open, a man in a motorized scooter with a pair of crutches strapped to the side parked his vehicle a few feet away from the tee box and tried to keep his emotions in check.

"This young man has done wonderful things bringing all of this to people's attention," said Gregory Jones, founder and president of the 700-member Association of Disabled American Golfers who contracted polio in 1950 and has played golf for the last 25 years. "He's created an awareness, he's showing that people can play this game despite a disability. Fifteen years from now, Casey Martin will be a trivia question. He's a golfer. Isn't that obvious?"

Hours later on Thursday, Martin was tied for the lead halfway through his first round at the Hills Country Club with a five-under-par 31, before going two-over on the back side for a three-under 69. That left him three shots behind the leader, Michael Allen, 39, a six-year PGA Tour veteran.

Martin is competing in his first event on the Nike Tour after he successfully sued the PGA Tour to allow him to use a golf cart because of a circulatory disorder in his right leg.

"It felt great," Martin said, after his round. "I was kind of nervous. It wasn't my normal preparation for a golf tournament. But once I got out there, it was business as usual. Being nervous



Casey Martin driving his cart, followed by his caddy, at the Austin Open.

doesn't normally hinder your game. I just tried to do what I always do."

Martin has now played seven rounds on the Nike Tour this season, with five in the 60s. On Thursday, he hit 12 of 18 greens in regulation, found 10 of 14 fairways and needed only 26 putts. He won the first Nike event of the season in Lakeland, Florida, in January, but had played sparingly over the last six weeks because of the trial.

"There's no question about it, he's got a very good golf game," said Robin Freeman, another PGA Tour veteran who played with Martin on Thursday. "He's got all the talent in the world. The thing that impressed me the most is that he doesn't have any weaknesses."

"I disagree with the principle of him having a cart," Freeman continued. "I stand by the rules of the PGA Tour. There's no way I can tell if he has a competitive advantage. I'm sure if he had a healthy leg, he'd choose to walk. I admire his courage to fulfill his dreams and challenge the Tour, but I also think the Tour has the right to set its own rules."

Thursday, using a standard Club Car cart with the initials "C.M." on the front, Martin mostly stuck to the cart

paths. He tried not to get too far ahead of his walking playing partners, Freeman (who shot 71) and Mike Sullivan (73), though there was no chance for much conversation except when they were on tees and greens.

"No, I didn't feel lonely," Martin smiled, after first feigning tears in a post-round news conference captured by 14 TV minicams. "I'm at my office. I've got to do my job. There's some camaraderie I may miss out on, but I'll survive."

As Martin drove his cart up to the fifth tee, he made sure to park it where 17-year-old Thomas Mitchell, who has cerebral palsy, was watching from a wheelchair pushed by his father, Don.

"Thanks for coming out," Martin said, patting the boy on the shoulder. Thomas, who does not speak, smiled broadly, and his father said: "He's very pleased about Casey. He loves to watch golf. Anything like this helps all these kids have some hope."

Someone asked Martin if it bothered him that most people now know him as "the guy in the cart."

"I am the guy in the cart," he said. "But I'd also like to be perceived as a good golfer and a good person."

Formula One Stars Rev Up for Opener

*By Brad Spurgeon
International Herald Tribune*

PARIS — The starting flag drops on the 1998 Formula One season in Melbourne on Sunday. But the psychological struggles between the drivers started some time ago.

Michael Schumacher, a two-time world drivers' champion and one of this year's favorites, said this week that he did not expect to win the season's first race.

On the other hand, Craig Pollock, who is involved with managing Jacques Villeneuve, said Villeneuve's goal "is to try and beat Juan Manuel Fangio's five championships." Villeneuve won his first drivers' championship last season, so he still has five more to go.

Schumacher's statement suggests he is not a threat to win the Australian Grand Prix. But insiders remember a remark by his little brother, Ralf, at the French Grand Prix last season. Michael had just won pole position after much complaining about his car.

"When Michael complains that things are going to be difficult, that's when you have to watch out," Ralf said.

At Friday's free practice session in Melbourne, Michael Schumacher clocked the fastest time in his Ferrari at 1 minute 33.826 seconds around the 5.302-kilometer track. Villeneuve was third in a Williams, at 1 minute 35.023 seconds, just behind Mika Hakkinen in a McLaren, at 1 minute 34.432 seconds.

The practice did not count for places on the starting grid; those will be decided Saturday, but it did take the psychological battle to the track and Schu-

macher won the first round. The practice also confirmed that Ferrari, McLaren and Williams start the season as the three fastest teams.

Both Jean Todt, Ferrari's team manager, and Schumacher have said that Ferrari must win a title this year. Schumacher came within four points of the drivers' title last year. Ferrari has not won a drivers' title since 1979, or a constructors' title since 1983.

McLaren gained three victories last year, and its test times this winter were impressive. Mika Hakkinen and David Coulthard, the McLaren drivers, now have the experience to fight for the title. McLaren is the first of the top teams to change to Bridgestone tires, on some tracks it will have a clear advantage over Ferrari and Williams on Goodyears.

The car is designed by Adrian Newey, whom McLaren recruited from Williams last year.

Although Williams has been weakened by Newey's departure, it can nevertheless count on Villeneuve and his hungry No. 2, Heinz-Harald Frentzen.

The Benetton, Jordan, and Prost teams are likely to fight for the rest of the points, which go to the first six finishers in each race. Benetton has two new drivers, Giancarlo Fisichella, who has moved from Jordan, and Alexander Wurz, who replaced Gerhard Berger for three races last year. But the team is in transition after the loss of its top designers to Ferrari and its managing director to retirement.

Prost and Jordan traded engines over the winter. Prost is in a partnership with Peugeot, and Jordan, dropped by Peugeot, uses Prost's discarded Mugen-

Honda engines. Both teams are still adapting the engines to their chassis.

Prost used three drivers last season and has kept the two strongest, Olivier Panis, and Jarno Trulli. Jordan has recruited Damon Hill, the former world champion, and Ralf Schumacher.

Further back on the grid, Arrows has a new designer, John Barnard; a new engine, built by Brian Hart, and a new driver, Mika Salo.

The Stewart team finished second in Monaco last season, but was a disappointment from then on. Ford is now helping to develop the car, and the team has invested nearly \$10 million in research and development.

Sauber will finally have two strong drivers, the eternal hopefuls Johnny Herbert and Jean Alesi. With 248 races between them, they are the two most experienced drivers on the grid. Alesi has only one victory, but he has 16 second-place finishes and 14 thirds.

That leaves the Tyrrell team battling with Minardi at the back of the grid.

One of Minardi's drivers will be Esteban Tuero, 19, the third-youngest ever to race in Formula One.

Meanwhile, Pollock bought Tyrrell in December with help from B.A.T.

Villeneuve's manager is thus forbidden entry into the Williams garages or motor homes to see his client.

"You can't be the owner of one team and hang around in the garages of another team," a Williams spokesman said.

Ken Tyrrell, the team's founder, retired last month after Pollock hired Riccardo Rosset, a driver with little experience, but lots of money. Rosset brought a budget of \$5 million.

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Arizona's S
Trojan Hits 2 Last-5

SCOREBOARD

BASEBALL

FOOTBALL

BASKETBALL

SOCCER

WRESTLING

BOXING

OTHER

SPORTS

USC Terminates Arizona's Streak

A Trojan Hits 2 Last-Second Shots

The Associated Press
Arizona, the defending national champion, lost to Southern California in overtime, 91-90, when Adam Spanich hit two last-second 3-point shots for the Trojans.

COLLEGE BASKETBALL

time to force the overtime. He hit his second desperation 3-pointer as the clock ran out in overtime to give USC (8-19) the victory and snap the visiting Wildcats' 19-game winning streak.

No. 11 Stanford 85, Oregon 67 David Moseley scored 19 points as Stanford (25-4, 14-3) coasted at home after taking a 17-point halftime lead. The Cardinal clinched second place in the Pacific-10 conference.

Western Athletic Conference in Las Vegas, The Runnin' Rebels upset No. 5 Utah, 54-51, in the quarterfinals of the conference tournament. UNLV's reward was a game

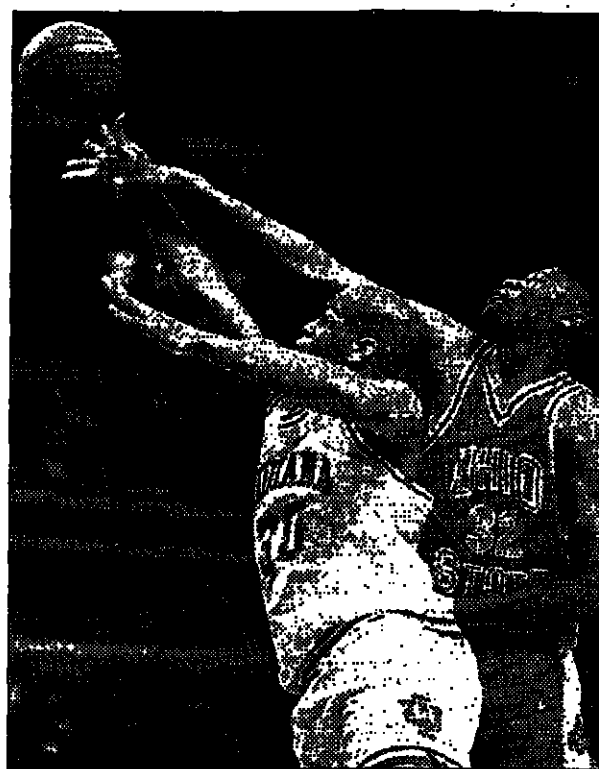
Friday against Fresno State, which is coached by Jerry Tarkanian, the Rebels' former coach. Fresno State routed San Diego State, 92-57.

No. 13 Texas Christian survived a miserable second half of shooting to beat Southern Methodist, 71-69. No. 20 New Mexico, without its court leader, Royce Olney, needed a 3-pointer by Kevin Henry, a freshman, with 21 seconds left to beat Tulsa, 60-59.

Atlantic Coast Conference: In Greensboro, North Carolina, No. 1 Duke (28-2) overcame poor shooting with an 11-0 run to start the second half to beat Virginia, 63-41, in an ACC opening-round game.

The Cavaliers became the first team in NCAA history to lose five games in one season to the No. 1 ranked team. Virginia has lost three times to Duke. It also lost twice to North Carolina when the Tar Heels were ranked No. 1.

Big East in New York, No. 6 Connecticut (27-4) outscored Providence, 13-4, in the last five minutes to win, 64-55. Geoff Billett scored at



Indiana's William Gladness, left, getting some unwanted attention from Ohio State's Ken Johnson.

the final buzzer as Rutgers, the 12th seed in the tournament, beat Georgetown, 61-60.

Big Ten in Chicago, in the first round of the Big Ten tournament, Bobby Knight—the Indiana coach who opposed the creation of the tournament—gained his first post-season victory in four

years as the Hoosiers beat Ohio State, 78-71.

Atlantic Ten: In Philadelphia, No. 24 Temple (21-7) held St. Joseph's to 34 percent shooting and won, 76-52. St. Joseph's, which won the conference title last year and advanced to the NCAA's final 16, dropped its sixth straight to Temple.

Nuggets Creep Up on Loss Record

The Associated Press

For the second time this season, the Denver Nuggets are taking a run at the National Basketball Association record of 24 consecutive defeats.

"They're the worst team in the league, so that would have been the ultimate embarrassment," Armon Gilliam of the Bucks said after his team beat Denver, 104-87, on Thursday night in Milwaukee.

The Nuggets, now 5-55, are threatening to eclipse the worst record in NBA history—9-73 by the 1972-73 Philadelphia 76ers.

Denver lost 23 in a row earlier this season, tying the longest single-season losing streak in league history, but coming up one short of the overall record of 24 by the Cleveland Cavaliers at the end

of the 1981-82 season and the start of the 1982-83 season.

The loss Thursday night was Denver's 15th straight.

"We missed so many good shots," said Bill Hanzlik, the Denver coach. His

NBA ROUNDUP

team missed 17 of its first 18 attempts.

"But I have to give our guys credit for showing a lot of effort," Hanzlik said. "You don't lack effort when you come back from 20 down and have a chance to win. We just dug a hole at the beginning of the game and it killed us."

Heat 117, Rockets 83 In Houston, Miami extended its road winning streak to 10 games.

Seven Heat players scored in double

figures, and they took control with a 19-2 run early in the third period that included 10 points from Tim Hardaway.

Warriors 103, Knicks 90 Calbert Cheaney scored 27 points, making 12 of 18 shots while holding Allan Houston to 4-for-13 shooting. Cheaney also had a big steal and lay-up in the waning minutes as the home team widened New York's comeback from a 23-point deficit.

Mavericks 119, Clippers 109 In Dallas, Martin Muirhead and rookie Chris Anstey had career-highs of 24 and 20 points, and the Mavericks had their highest scoring game of the season as they won for the third time in four games.

Suns 102, Pistons 93 In Phoenix, the lead changed 14 times before the Suns took control against Detroit with a 13-1 run at the end of the third quarter.

Senators Rebound to Stop Avalanche

The Associated Press

The Ottawa Senators, clinging to the final playoff spot in the Eastern Conference, scored an impressive victory over the Colorado Avalanche, the Pacific Northwest's top seed.

"A win is a big win right now," said Damian Rhodes, the Ottawa goaltender, after the Senators won, 4-2, on Thursday night.

Denny Lambert, Bruce Gardiner, Chris Murray and Wade Redden scored for Ottawa, which had lost three of its last four games.

Sharks 5, Red Wings 4 San Jose also scored an upset victory, beating Detroit.

NHL ROUNDUP

the Stanley Cup champion, for the third time this season.

Penguins 2, Blackhawks 2 Ron Francis scored his second goal of the game late in the third period, to give Pittsburgh a tie with visiting Chicago.

Mighty Ducks 2, Kings 1 Keith Primeau scored the tying goal on a shorthanded breakaway late in the second period as

last-place Carolina won at Los Angeles.

Flames 6, Canucks 2 In Vancouver, Dwayne Roloson made 35 saves as Calgary won its sixth straight game.

Devils 1, Bruins 1 Jason Allison got by goalie Martin Brodeur in the third period to give Boston a tie in New Jersey.

Flyers 3, Capitals 2 In Philadelphia, Chris Gratton and Ron Brind'Amour each had a goal and an assist as the Flyers beat struggling Washington.

Blackhawks 3, Rangers 1 Jamie McLennan stopped 17 shots as St. Louis beat visiting Montreal for its fourth straight victory.

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

| THURSDAY RESULTS | THURSDAY RESULTS |
|---------------------------------|-------------------------------|
| Tampa Bay 2, Minnesota 0 | Toronto 3, Kansas City 2 |
| Boston 12, Cleveland 5 | Pittsburgh 4, Detroit 2 |
| Baltimore 11, New York Mets 7 | Philadelphia 3, Houston 2 |
| St. Louis 5, Montreal 3 | Los Angeles 10, Florida 2 |
| Seattle 4, Oakland 2 | San Diego 17, Anaheim 8 |
| Chicago White Sox 17, Anaheim 8 | Colorado 2, Milwaukee 1 |
| Chicago Cubs 8, San Francisco 4 | San Diego 9, Arizona 9 |
| Cincinnati 2, Texas 1 | Atlanta 5, New York Yankees 4 |

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

| W | L | Pct | GB |
|--------------|----|-----|------|
| Miami | 42 | 19 | .686 |
| New York | 34 | 24 | .586 |
| New Jersey | 32 | 27 | .539 |
| Washington | 31 | 29 | .515 |
| Orlando | 30 | 29 | .508 |
| Boston | 28 | 31 | .475 |
| Philadelphia | 20 | 40 | .333 |

CENTRAL DIVISION

| W | L | Pct | GB |
|-------------|----|-----|------|
| Chicago | 44 | 16 | .732 |
| Indiana | 40 | 18 | .686 |
| Charlotte | 36 | 23 | .609 |
| Atlanta | 34 | 24 | .586 |
| Cleveland | 32 | 27 | .539 |
| Albuquerque | 29 | 29 | .500 |
| Detroit | 27 | 33 | .450 |
| Toronto | 13 | 47 | .269 |

WESTERN CONFERENCE

NORTHWEST DIVISION

| W | L | Pct | GB |
|-------------|----|-----|------|
| Utah | 41 | 18 | .719 |
| San Antonio | 40 | 19 | .679 |
| Minnesota | 31 | 28 | .522 |
| Houston | 29 | 30 | .492 |
| Vancouver | 14 | 44 | .241 |
| Dallas | 13 | 47 | .217 |
| Denver | 5 | 55 | .083 |

PACIFIC DIVISION

| W | L | Pct | GB |
|---------------|----|-----|------|
| Seattle | 45 | 14 | .763 |
| L.A. Lakers | 40 | 18 | .686 |
| Phoenix | 38 | 20 | .655 |
| Portland | 34 | 24 | .586 |
| Sacramento | 25 | 36 | .410 |
| Golden State | 14 | 44 | .241 |
| L.A. Clippers | 12 | 47 | .203 |

THURSDAY RESULTS

| | | | |
|-------------|----|----|------|
| L.A. Lakers | 40 | 18 | .690 |
| Phoenix | 39 | 20 | .661 |
| Portland | 34 | 24 | .586 |

FLORIDA 68, Auburn 64

Georgia 79, Mississippi State 76

Tennessee 73, LSU 62

Alabama 65, Ole Miss 57

Arkansas 65, Texas Tech 57

Mississippi State 65, Auburn 64

Georgia 79, Mississippi State 76

Tennessee 73, LSU 62

Alabama 65, Ole Miss 57

Arkansas 65, Texas Tech 57

Mississippi State 65, Auburn 64

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Tennessee 73, LSU 62

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Tennessee 73, LSU 62

Alabama 65, Ole Miss 57

Arkansas 65, Texas Tech 57

EUROPEAN CUP

SECOND OF BEST-OF-THREE MATCHES

Estudiantes Madrid 62, Kinder Bologna 67

Porto 62, Real Madrid 60

Real Madrid 60, Porto 62

Real Madrid 60, Porto 62

Real Madrid 60, Porto 62

Real Madrid 60, Porto 62

Real Madrid 60, Porto 62

Real Madrid 60, Porto 62

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CRICKET

SOUTH AFRICA VS. PAKISTAN

THIRD AND FINAL TEST, FIRST DAY

FRIDAY IN PORT ELIZABETH, S. AFRICA

South Africa 282 not out

Pakistan 100 not out

South Africa 282 not out

Pakistan 100 not out

South Africa 282 not out

Pakistan 100 not out

South Africa 282 not out

Pakistan 100 not out</

